PARLIAMENTARY DEBATES

(HANSARD)

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HOUSE OF COMMONS

OFFICIAL REPORT

FIRST SESSION OF THE FIFTY-FIFTH PARLIAMENT
OF THE UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND
SIXTIETH YEAR OF THE REIGN OF
HER MAJESTY QUEEN ELIZABETH II

SESSION 2010–2012

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5 December 2011

THE PARLIAMENTARY DEBATES

OFFICIAL REPORT

IN THE FIRST SESSION OF THE FIFTY-FIFTH PARLIAMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND
[WHICH OPENED 18 MAY 2010]

SIXTIETH YEAR OF THE REIGN OF
HER MAJESTY QUEEN ELIZABETH II

SIXTH SERIES **VOLUME 537**

TWENTY-EIGHTH VOLUME OF SESSION 2010-2012

House of Commons

Monday 5 December 2011

The House met at half-past Two o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

COMMUNITIES AND LOCAL GOVERNMENT

The Secretary of State was asked—

Housing

1. **Rushanara Ali** (Bethnal Green and Bow) (Lab): What recent assessment he has made of progress by his Department in increasing net housing supply. [84493]

The Minister for Housing and Local Government (Grant Shapps): Housing starts over the six quarters since the Government were formed are up 24% when compared with the previous six quarters under the previous Government. However, we recognise the scale of the challenges ahead and have introduced a radical and wide-ranging set of policies in the housing strategy.

Rushanara Ali: I thank the Minister for his answer, but, despite his Government's promise to build more homes than Labour, the actual figures are a 7% decrease in housing starts, a 6% fall in net supply in the past year and a 99% fall in affordable housing in the past six months. How does the Minister intend to rectify that?

Grant Shapps: We can all play with figures, but I would have thought that the only accurate indication—*[Interruption.]* Well, I would have thought that the actual indication on which everyone in the House could agree would mean taking the period since we have been in power and comparing it with the same period beforehand. If we do so, we discover that housing starts are up by almost one quarter, which of course is in stark contrast with the record under the previous Administration, when the number of affordable homes reduced by 200,000.

Henry Smith (Crawley) (Con): Will my right hon. Friend join me in congratulating Crawley borough council, which for the first time in decades has started building new social and affordable housing and, indeed, has plans to build a further 1,000 units over the next few years?

Grant Shapps: I congratulate my hon. Friend's local council on that, and he will know, because I have written to him and to all Members, that the new homes bonus provisional allocations have just been announced—with £430 million and, for the first time, a recognition of the number of homes that have been built at an affordable level. We are undoing the mess that was left by all those years of a lack of affordable house building in this country.

Mr Nick Raynsford (Greenwich and Woolwich) (Lab): I draw attention to the interest declared in the Register of Members' Financial Interests. The Minister says that he wants to compare the period in which the current Government have been in power with an equivalent period under the previous Government, but he seems to be under an illusion that the current Government came to power on 1 April 2010. They did not. Will he now stop trying to take credit for housing that was built during the period of the previous, Labour Government and show respect for statistical honesty and truth, which we in this House regard as important?

Grant Shapps: If the right hon. Gentleman, as a distinguished former Housing Minister, is asking me to stop including four weeks, he has his wish.

Mr Don Foster (Bath) (LD): Modern, purpose-built student accommodation often resembles blocks of flats. It can reduce the need for ordinary family homes to be turned into houses in multiple occupation and, sometimes, mean that HMOs can be returned to family accommodation, so in future will councils be allowed to count such flats towards the delivery of their core-strategy housing targets?

Grant Shapps: My right hon. Friend asks an important question, and it is true that in the past housing built for students was not included in the old-fashioned targets, which led to the lowest house building since the 1920s. I am pleased to let him know that under our new system the answer is yes, they are included, and what is more they attract the new homes bonus as well.

Jack Dromey (Birmingham, Erdington) (Lab): The Government's own statistics show the number of new homes down by 6%, homelessness up 10% and, now, a catastrophic collapse in affordable house building over the past six months—of 99%. So few new homes have been built that the Housing Minister could visit them all in the next six weeks. Does he accept that this is a direct consequence of the Chancellor of the Exchequer's £4 billion cut in housing investment, and that this sorry record of failure demonstrates that the Government's housing policy, like their economic policies, are hurting, not working?

Grant Shapps: No, I do not accept a single word of that. Let me tell the hon. Gentleman, who is the sixth Labour Housing Minister or shadow whom I have faced, that actually the figures for those in temporary accommodation are down by 4%, and that homelessness is at its lowest level for 28 of the past 30 years. On the specifics of the numbers, I know that he is keen to twist official statistics to try to represent whatever he wants to show, but the truth is that I could not possibly visit 92 different providers, which I can now reveal to the House have agreed to build 70,000 units at a cost of £1.4 billion. That is far in excess of anything delivered by the previous Administration. I know that he has not been in the job for long, but many of his predecessors are on the Opposition Back Benches, so he could consult them and ask how we ended up with 200,000 fewer homes.

Third Sector

2. **David Wright** (Telford) (Lab): What assessment he has made of the effect on the third sector of reductions in funding for local authorities. [84494]

3. **Mr Gordon Marsden** (Blackpool South) (Lab): What assessment he has made of the effect on the third sector of reductions in funding for local authorities. [84496]

11. **Gavin Shuker** (Luton South) (Lab/Co-op): What assessment he has made of the effect on the third sector of reductions in funding for local authorities. [84505]

The Parliamentary Under-Secretary of State for Communities and Local Government (Andrew Stunell): Local spending decisions are of course a matter for local councils, but there is no excuse for targeting the voluntary sector disproportionately. The Government are working closely with the third sector to assess capacity and to provide support—for example, through the transition fund and Big Society Capital—and we are looking together at opportunities for the voluntary and community sector to benefit from local authority commissioning.

David Wright: The simple fact is that third sector organisations are facing savage cuts because of this Government's local government settlement. How is the Minister going to advance the big society agenda with such savage cuts to the third sector? Will he help councils such as Telford and Wrekin, which has adopted the co-operative council model and is trying to work in partnership with voluntary organisations but is facing serious financial problems?

Andrew Stunell: The hon. Gentleman represents the area of Telford, and Telford council has had a reduction of 4.2% in its spending power this year. In September, the Government published their best value guidance, which advises councils such as Telford not to make disproportionate cuts in the voluntary and community sector. A 4.2% cut in that sector might be considered proportionate, but more would not. The Government put the highest value on the voluntary and community sector and believe that it is the foundation of a healthy civic sector; that is why we are protecting it.

Mr Marsden: Last year, Blackpool received from the Minister's Department one of the worst funding settlements in the country—a cut of up to 14% on top of the area-based grant cuts. That meant that the new Labour council inherited a youth budget that had been slashed from £2 million to £1 million, which has created havoc in the co-ordinating work and activities of voluntary and third sector organisations in my constituency. If the Minister's Department can dream up £500 million schemes like Growing Places on questionable formulae, surely it is not beyond the wit of the Department to dream up some extra funding for these organisations.

Andrew Stunell: The hon. Gentleman has got his figures slightly wrong. The reduction in Blackpool's spending power was 7.3%. If it adheres to the best value guidance that we have issued and does not make a disproportionate cut, then that should be the limit of it. I remind him that only last week his council was allocated £1 million from the new homes bonus. We are also continuing the funding of Supporting People, which will provide £6.5 billion of funding throughout this spending review period, and that is available for his council to spend.

Gavin Shuker: What assessment has the Minister made of the number of people employed in the third sector who rely on funding from local government? Has that number increased or reduced since the Government came to power?

Andrew Stunell: There are 900,000 charities, voluntary groups, co-ops, mutuals and social enterprises in the country, three quarters of which have never applied for or received any funding from local government or from central Government. Of course, that means that some 200,000 do get help to provide services for the public. That is why we have the transition fund to support

those organisations—it has already made grants to more than 1,000 of them—and why the Office for Civil Society has a budget of over £400 million to support the civic and voluntary sector over the spending review period.

Richard Fuller (Bedford) (Con): This may not be an issue of funding but of the need to jolt local bureaucracies into being more creative in engaging with our social enterprises and local third sector organisations. Now that we are seeing, I hope, the passage of the Bill on social value promoted by my hon. Friend the Member for Warwick and Leamington (Chris White), may I urge the Minister to work more aggressively with his colleagues in the Department for Business, Innovation and Skills and with the Parliamentary Secretary, Cabinet Office, my hon. Friend the hon. Member for Ruislip, Northwood and Pinner (Mr Hurd), who is responsible for civil society, so that we can have more creative local authorities that engage with civil sector organisations?

Andrew Stunell: I would be very happy to work with my hon. Friend and with other organisations. Let me make it clear that the Government are strongly promoting the development of social enterprises and are very keen to see the sector that they can support increase.

Chris Williamson (Derby North) (Lab): It is pretty clear from the Minister's responses that he has completely lost touch with reality. We all know that this Government have singled out local authorities with the greatest need for the highest cuts. If the Minister would care to come down from his ivory tower and join us in the real world, he would admit that the big society is a big con leading to a big unfair society. How can he possibly justify a system that leads to huge variations in funding cuts to charitable organisations? For example, the north-west region is losing nine times more per capita than other parts of the country.

Andrew Stunell: The hon. Gentleman has got his facts wrong. He needs to look at how much money the Government grant system provides per resident in those authorities. He will find that it is far higher than in the south, for the very good reason that those areas need such support to a greater extent. That is why I was able to report the reductions in spending power for the authorities that I did. I remind him that a large number of local authorities have succeeded in protecting the voluntary sector in their area. There is no inevitability about the events that he is characterising.

Trade Union Officials

4. **Mr Rob Wilson** (Reading East) (Con): If he will take steps to end the practice of employing publicly funded full-time trade union officials in local government. [84497]

6. **Karen Lumley** (Redditch) (Con): If he will take steps to end the practice of employing publicly funded full-time trade union officials in local government. [84499]

18. **Andrew Griffiths** (Burton) (Con): If he will take steps to end the practice of employing publicly funded full-time trade union officials in local government. [84512]

The Secretary of State for Communities and Local Government (Mr Eric Pickles): All local authorities need to make sensible savings to protect front-line services and keep council tax down. Councils should be reviewing the merits of publicly funded full-time union officials. Those are non-jobs on the rates and it is wrong that council tax should be used to subsidise trade union activity.

Mr Wilson: I thank my right hon. Friend for that answer. Given that union leaders and officials are full-time politicians in all but name who receive more than £113 million of taxpayer funding each year, will my right hon. Friend join me in calling for the implementation of a register of interests for union leaders, thereby subjecting them to the same level of public scrutiny as all other politicians?

Mr Pickles: I am most grateful to my hon. Friend. I was shocked to hear what he said, because I was not aware that trade union officials did not have a register. I would have thought that in this age of transparency, we should urge them to do that. I know that Opposition Front Benchers are keen for everybody else to have such restrictions. Why should trade union bosses not be a little more open about their funding and their interests?

Karen Lumley: Redditch borough council recently told the TaxPayers Alliance, in response to a question, that one person in Redditch was given "reasonable time required" to carry out union duties. Does my right hon. Friend share my concern that Redditch taxpayers are unable to conclude what may or may not be reasonable?

Mr Pickles: I am very pro-union and I think that it is important that we do give time off. However, I am not entirely sure that ratepayers should pay for that. It should legitimately be paid for through trade union activities. In that way, we could all recognise the enormous value that trade unions give to this country.

Andrew Griffiths: According to figures unearthed by the TaxPayers Alliance—*[Interruption.]*

Mr Speaker: Order. I want to hear about the views of the TaxPayers Alliance from the hon. Gentleman.

Andrew Griffiths: Thank you, Mr Speaker, I will not be shouted down. According to the TaxPayers Alliance, Staffordshire county council, which covers my constituency, subsidised the unions to the tune of £281,000 or the equivalent of 10 full-time members of staff. Does the Secretary of State agree that such subsidies should be subject to a council vote and that any councillor whose election campaign is bankrolled by the unions should have to declare an interest?

Mr Pickles: This is money that is being taken away from the front line when times are tough. I am shocked by the amount of money that Staffordshire is spending. On whether Labour councillors who are bankrolled by the unions should declare an interest, it is very clear that the Localism Act 2011 abolished the Standards Board but created a new criminal offence of not declaring interests. There is a reasonable case for saying that if

one is bankrolled by the unions, it is a prejudicial issue and the sensible thing would be to withdraw from the proceedings.

John Healey (Wentworth and Dearne) (Lab): Will the Secretary of State disown this attack on the most basic and benign feature of trade union work—day-to-day support for staff from their colleagues who volunteer to act as union reps? These are the unsung heroes of Britain's volunteering tradition, the workplace wing of the Prime Minister's big society. They save employers and the Exchequer millions of pounds by cutting the number of tribunal cases, cutting the number of days lost through illness and improving the take-up of training. *[Interruption.]*

Mr Pickles: I think I got most of what the right hon. Gentleman said. I am very pro-trade union, and he is absolutely right. He is a very senior Member, and he puts his finger on the nub of the matter. They are volunteers, and the nature of a volunteer is that they are not paid by the council. I am very much in favour of all facilities being available to trade union officials, but I do not want them to be paid for on the rates.

Ian Lavery (Wansbeck) (Lab): Does the pro-union Secretary of State recognise the hard work carried out by many trade union reps in the workplace on health and safety and many other things? That saves industry and the taxpayer millions and millions of pounds.

Mr Pickles: Of course I recognise that. My great-grandfather was one of the people who helped found the trade union movement. The most important thing that the hon. Gentleman needs to understand is that there is more facility time in the public sector than in the private sector, and there are fewer strikes in the private sector than in the public sector.

Mr Gerry Sutcliffe (Bradford South) (Lab): There is a legal right to time off for trade union duties. Are we not seeing an outright attack on trade unionism? The Secretary of State well knows, because he has had the opportunity to negotiate with unions in his distinguished career in local government, that trade unions are a force for good. I wonder whether his coalition partners support him in his endeavour.

Mr Pickles: Indeed, I have had many opportunities to negotiate with trade unions, and I have enjoyed every single moment. However, the important point to consider is what is voluntary and what it is legitimate for the taxpayer to pay for. For example, my Department and a number of local government bodies collect the trade union fees, and they are paid in directly. Where there is a political levy, we are putting public money into the coffers of the Labour party. If it were going to the Conservative party or the Liberal Democrats, that would be regarded as something of a scandal.

Adult Social Care

5. **Margot James** (Stourbridge) (Con): What discussions he has had with the Secretary of State for Health on funding for adult social care. [84498]

The Parliamentary Under-Secretary of State for Communities and Local Government (Robert Neill): My right hon. Friend the Secretary of State has held a number of discussions with the Secretary of State for Health on that issue. In recognition of the need to reform the system that we inherited, the Government have said that we will bring together our proposals in a White Paper in the spring. We are providing an extra £7.2 billion over the next four years to protect access to services that support vulnerable people.

Margot James: The recent report by the Equality and Human Rights Commission exposed the poor quality of care of some home care providers. I have received complaints from constituents that reinforce the report's findings. Funding has been a problem for a long time, so will my hon. Friend discuss further with the Secretary of State for Health the diversion of more money from health to social care, on top of the £648 million already announced?

Robert Neill: As I said, it is appropriate that we consider the matter in the context of the White Paper that is to come out in April. The report is valuable, and the Government as a whole will want to consider its recommendations carefully. I point out to my hon. Friend that the £648 million in this year will be followed by another £622 million in the next. That £1 billion coming from the Department of Health is matched by £1 billion coming from the Department for Communities and Local Government.

Helen Jones (Warrington North) (Lab): Why does the Minister not admit that the Secretary of State's ambition to be the biggest axe man in Whitehall has been achieved on the backs of elderly and vulnerable people? Because of the Government's slash and burn policy, 70% of councils are having to cut social care, leaving old people to choose between help with washing and help with eating. The cost in wasted lives is incalculable, and the cost to the NHS through more delayed discharges and more emergency admissions will run into millions of pounds. Why does he not now admit that the Government's policy is not only uncaring and out of touch but economic madness?

Robert Neill: The hon. Lady neglects to recognise the fact that the Government have assisted local councils in the greatest need by increasing the weighting given within the settlement to the needs allowance and by introducing a transition grant to assist those that are most dependent on public money. She fails to recognise that this Government are attempting to sort out the economic mess that she and her colleagues left behind. Finally, she fails to recognise the observation of the head of the No.10 policy unit when she was in government that the

"long-term funding of social care was the largest piece of unfinished social reform under Labour."

We are sorting out her mess.

Annette Brooke (Mid Dorset and North Poole) (LD): Notwithstanding the very welcome move to bring health and social care funding together and the extra money this year, councils across the south-west are struggling with the increasing burden of social services funding, particularly for adult care. Does the Minister share my

concern that services to those with lesser needs is being cut, but that that is storing up more problems for the future? Will he consider making it easier to invest to save, so that we can have important interventions now rather than later?

Robert Neill: I understand my hon. Friend's point and I would be happy to meet her to discuss those matters in more detail. On the other hand, we need to give adequate flexibility to local authorities to prioritise their spend to reflect local needs and pressures, but I will happily discuss the matter further with her.

Local Authority Spending

8. **Mrs Jenny Chapman** (Darlington) (Lab): What estimate he has made of the change in per capita local authority spending power in each region between 2011 and 2013. [84502]

The Parliamentary Under-Secretary of State for Communities and Local Government (Robert Neill): Per capita spending by local authorities is estimated to be £1,170 in 2011-12, a change of 4.4% on the previous year, and per capita spending power by local authorities is estimated to be £1,118 in 2012-13, a change of 3.6% on the previous year.

Mrs Chapman: I am grateful to the Minister for his answer, but will he confirm that the 10% most deprived areas of the country are losing four times as much as the 10% least deprived areas?

Robert Neill: The hon. Lady neglects to recognise the fact that local authorities in the greatest need get on average three times more funding than those that are better placed. In terms of regional comparisons, I observe that the change in spending power in her region is exactly the same as it is in my region in Greater London.

Hilary Benn (Leeds Central) (Lab): Last year, the Secretary of State claimed that front-line services would not have to go because of his spending cuts. We now know that that is not the case. More than 100,000 jobs —people who serve others—have already disappeared from councils and there are more to come. How on earth is it fair that twice as many women as men have lost their jobs working for local councils? Is that not another sign that women are paying the biggest price for the failure of the Government's economic policy?

Robert Neill: It is a pity that the right hon. Gentleman did not refer us to the £48 billion of reductions that were planned when he was a member of the Cabinet and that he did not apologise for the £120 million we are wasting in interest on the debt that he left behind for us. It is a pity that he does not recognise that this Government have supported the most vulnerable councils in the ways that I have indicated previously, including with the transitional grant to which I referred. It is also a pity that he does not recognise that workplace issues can best be dealt with flexibly if they are left to local authorities rather than to micro-management.

Unauthorised Encampments

9. **Jackie Doyle-Price** (Thurrock) (Con): If he will take steps to increase the powers of local authorities to tackle unauthorised encampments. [84503]

16. **Andrew Bridgen** (North West Leicestershire) (Con): If he will take steps to increase the powers of local authorities to tackle unauthorised encampments. [84510]

The Secretary of State for Communities and Local Government (Mr Eric Pickles): The Localism Act 2011 will give councils more powers to tackle unauthorised development, such as stopping the abuse of retrospective planning permissions. We are reviewing what further steps can be taken to increase council powers to tackle unauthorised development and occupation. High-profile cases such as Parliament square and St Paul's show that the current system is far too slow and that councils need stronger powers to protect local amenities.

Jackie Doyle-Price: Does my right hon. Friend agree that it is important that local authorities apply their powers consistently? Residents such as mine in South Ockendon find it very irritating that they have to abide by the council's planning regulations while unauthorised encampments nearby are able to flout them with impunity.

Mr Pickles: My hon. Friend makes a reasonable point. It is important that everyone in this country is equal before the law and that the law is used against those who seek to abuse their position. After the Police Reform and Social Responsibility Bill received Royal Assent, my Department started to work with the Home Office to produce guidance for local authorities that want to make byelaws that provide for the confiscation of property. Such byelaws will allow for the removal of tents in Parliament Square.

Andrew Bridgen: In my constituency of North West Leicestershire, we often find that illegal Traveller encampments are located on the very edge of our district, or straddle land with another bordering council. That can lead to unnecessary delays and confusion while councils decide who is responsible for the site. Is the Secretary of State aware of that problem? If he is, what steps is he taking to ensure that councils co-operate to ensure that such encampments are removed as quickly as possible?

Mr Pickles: I am aware of the problem, which illustrates how existing planning procedures that were introduced under the previous Government are flawed. It is important to have equality between Travellers and the settled populations. There is now a duty on local authorities to co-operate. I know of a number of successful incidents in which local authorities have worked in consortiums to deal with this problem. Enforcement will be quicker. Stronger powers under section 62 of the Criminal Justice and Public Order Act 1994 can be used when there is a vacant pitch or an alternative site in a nearby local authority.

School Crossing Patrols

10. Mr John Leech (Manchester, Withington) (LD): if he will bring forward legislative proposals to require local authorities to provide safety crossing patrols outside schools. [84504]

The Parliamentary Under-Secretary of State for Communities and Local Government (Andrew Stunell): We have no current plans to introduce legislation, but local authorities should not be cutting essential front-line services like safety crossings outside schools. Councils can make sensible savings by reducing senior salaries, rooting out waste, sharing back office functions and spending smarter.

Mr Leech: Does the Minister agree that local authorities such as Manchester City council should not be trying to pass on the cost of providing crossing patrols to local schools because schools should be using their additional pupil premium funding to improve educational attainment?

Andrew Stunell: Only last week, my hon. Friend's own local authority was notified of a £4,600,000 new homes bonus payment and it already has £100 million in its balances. I agree that it is right for that local authority to look carefully at its spending priorities before it seeks to offload duties on to others.

Paul Goggins (Wythenshawe and Sale East) (Lab): The safety of children is paramount, but if the Minister were inclined to legislate, would he agree to place the highest priority on those school crossings that were in the most dangerous areas? That is precisely what Manchester City council has done today in confirming that all high-risk school crossings will continue and that strenuous efforts will be made to ensure that funding is in place for all medium-risk crossings as well.

Andrew Stunell: I simply point out that Manchester council has had a reduction in its spending power of 8.8% and yet has announced that it intends to cuts its services by 25%. That is wholly disproportionate.

George Hollingbery (Meon Valley) (Con): Will the Minister join me in congratulating Mark Pickering, the head teacher of Clanfield junior school in my constituency, who, twice in the last six months, has patrolled the crossing himself because of a lack of staff from Hampshire county council. The money is there, but the volunteers are not. Does he agree that legislating on this proposal might be a little heavy-handed?

Andrew Stunell: I certainly think that it is something of a paradox that, in these current times, it is difficult to recruit people for these jobs. However, having raised this issue in Parliament, I am sure that there will now be a flood of volunteers who are keen to offer their services.

Homelessness

12. Lilian Greenwood (Nottingham South) (Lab): What assessment he has made of progress by his Department in reducing homelessness. [84506]

The Minister for Housing and Local Government (Grant Shapps): The hon. Lady will know that I take a keen interest in this subject. We have protected the entire homelessness grant—£400 million—over the spending review period and, having revised how homelessness statistics for people sleeping rough are calculated, we found that the correct count was more like 1,700, rather than the 400 previously claimed.

Lilian Greenwood: I thank the Minister for that answer but my local homelessness charity, Framework, recently reported a sixfold increase in rough sleeping in Nottingham over the past year. How does he respond to chief executive Andrew Redfern's warning that the Government's deep cuts and welfare changes risk undermining Framework's 10 years of success in tackling homelessness?

Grant Shapps: I am genuinely concerned to hear that, but I have the statistics for the hon. Lady's local authority and they show that levels of homelessness have fallen over the past two years. She will be pleased to hear that the homelessness grant to her local area rose from £400,000 last year to £636,000 this year. If her local authority is not correctly returning information on the number of homeless people, I would be grateful if she could chase it up. It is one of our absolute priorities, and I am pleased to say that homelessness remains at its lowest level for 28 out of the past 30 years.

Infrastructure Projects

13. Mrs Linda Riordan (Halifax) (Lab/Co-op): What requirements he has placed on local authorities to consult on major infrastructure projects. [84507]

The Minister of State, Department for Communities and Local Government (Greg Clark): Under the major infrastructure regime, applicants are required to consult the community before a planning application can be accepted. The Localism Act 2011 will extend this requirement to applications to local authorities.

Mrs Riordan: I thank the Minister for that reply and for outlining the consultation process that local authorities should follow. Will he instruct Calderdale council to hold a full consultation on the future of Halifax central library so that the thousands of local people objecting to its proposals can have their say?

Greg Clark: I know that the hon. Lady has taken a great interest in the library. I cannot comment on particular applications but she will understand from my comments that I consider it important that all applicants, especially on issues of major importance, should engage with the community from the outset. That is good practice in this country and across the continent, and it is why the Localism Act will make it a requirement.

Tessa Munt (Wells) (LD): Will the Minister consider giving parish councils a far stronger voice in the representation of local people and in commenting on major infrastructure planning applications?

Greg Clark: My hon. Friend will know that one of the most important parts of the regime is the requirement for major infrastructure applications to demonstrate

that consultation with the community has taken place? That is why we are extending some of those provisions to the local authority regime.

Right to Buy

14. **Stephen Mosley** (City of Chester) (Con): What plans he has to promote the take-up of right to buy. [84508]

The Minister for Housing and Local Government (Grant Shapps): The right-to-buy scheme was a transforming policy that enabled 2 million people to own their own home, so we will shortly consult on proposals to reinvigorate the right to buy, offering tenants discounts that will once again enable them to purchase their homes.

Stephen Mosley: The original right-to-buy scheme was an outstanding success. Will my hon. Friend confirm that increasing the discount available to tenants will increase social mobility and allow hard-working families to take their firsts steps up the housing ladder?

Grant Shapps: My hon. Friend is absolutely right. Nothing did more for social mobility in this country than the right-to-buy scheme and those 2 million families who got to own their own home. Sadly, the number of homes purchased under the right-to-buy scheme dwindled to about 2,600 last year because the discounts were cut so much. We will consult, we will ensure that those discounts are raised and, critically, we will replace each home sold under the right-to-buy scheme with another affordable home for rent.

Alison Seabeck (Plymouth, Moor View) (Lab): I declare an indirect interest as previously recorded by *Hansard*.

In his autumn statement, the Chancellor studiously avoided, like the Minister has done in the past—although I note his comment today—using the term "like-for-like replacement" of affordable housing. The chief executive of Plymouth Community Homes has stated publicly that he will probably have to sell two, perhaps three, discounted homes to build one in the same area. Will the Minister tell us whether his like-for-like offer, about which his own Back Benchers are sceptical, refers to a property in the same area and of the same size, and will he explain how that will be tracked?

Grant Shapps: I am sorry that the hon. Lady is no longer my opposite number. When she was, I explained that it is now possible, through the affordable rent programme, to build a home for affordable rent by investing less public money than previously—that is, of course, because the rent is at an intermediate level. However, it is also supported by housing benefit, which means that rather than seeing a net reduction of 200,000 affordable homes for rent, as happened under the previous Administration, we will be building more of them.

Elected Mayors

15. **John Stevenson** (Carlisle) (Con): What steps he is taking to promote his Department's consultation on additional powers for elected mayors. [84509]

The Minister of State, Department for Communities and Local Government (Greg Clark): The Localism Act 2011, which was passed two weeks ago, allows new powers to be devolved from central Government to cities. Each city has been asked what additional powers it would like to take on under this new provision. I can announce to the House that I am today laying before Parliament draft orders, to be made under the Localism Act 2011, that would, subject to the approval of both Houses, provide for mayoral referendums to be held on 3 May 2012 in 11 cities: Birmingham, Bradford, Bristol, Coventry, Leeds, Liverpool, Manchester, Newcastle, Nottingham, Sheffield and Wakefield.

John Stevenson: I thank the Minister for that response. I very much support the consultation, which I see as part of the Government's continuing localism agenda. However, I am a little concerned that the emphasis seems to be on elected mayors for the large cities. Does he have any plans for smaller cities to hold referendums on elected mayors?

Greg Clark: I am grateful for that question from my hon. Friend, who is a passionate advocate of the mayoral system. He will know that the coalition agreement committed us to introducing referendums for the largest cities, but it is possible for other cities, including his own, to have referendums too, either by resolution of the council or through a petition, which would need to be signed by about 4,000 electors in Carlisle.

High Street Development

19. **Shabana Mahmood** (Birmingham, Ladywood) (Lab): What steps he is taking to ensure that planning policies promote the development potential of high streets. [84513]

The Minister of State, Department for Communities and Local Government (Greg Clark): The Government strongly believe in supporting town centres and are committed to following a "town centre first" policy. The draft national planning policy framework requires councils to pursue policies to support the viability and vitality of town centres. We are now considering all responses to the consultation.

Shabana Mahmood: I thank the Minister for that answer. Will he consider repeating Labour's empty shops initiative to enable councils to pursue innovative uses for empty units, such as using them for cultural, community or learning services, rather than leaving them empty?

Greg Clark: The hon. Lady makes an excellent point. One of the proposals that we are consulting on is the so-called "meanwhile use" of empty properties, so that they can be brought back into use quickly, without needing a full planning application. That can bring shops and other premises back into use and keep high streets vibrant.

Duncan Hames (Chippenham) (LD): Councils should help town centres to realise their potential. Wiltshire council, however, faces developer interest in out-of-town sites. What advice can the Minister give to local authorities

attracting such interest before their local plans, the core strategies or the national planning policy framework are agreed?

Greg Clark: The "town centre first" policy has been very successful in directing development to town centres, and it is important that this should continue. The national planning policy framework is being consulted on, but our commitment to the "town centre first" priority, with all the tests that it requires, is firm.

Roberta Blackman-Woods (City of Durham) (Lab): At a time when many of our high streets are struggling and are in danger of losing further jobs—let us remember that a massive 25,000 full-time jobs have gone from the retail sector in the last year alone—are the Government altering the sequential test for town centre development in the draft NPPF, thereby risking more greenfield development at the expense of our town and city centres?

Greg Clark: No. Our commitment to the "town centre first" policy—which was introduced by our right hon. Friend John Gummer when he was Secretary of State for the Environment—continues. It has been very successful. We want development in town centres, rather than out of town.

Home Ownership

20. **Stuart Andrew** (Pudsey) (Con): What steps his Department is taking to support home ownership. [84514]

The Minister for Housing and Local Government (Grant Shapps): On 21 November we published our housing strategy, which sets out an ambitious programme to support home ownership, including for 100,000 prospective buyers with small deposits and, of course, through the right to buy, which we discussed moments ago.

Stuart Andrew: As my right hon. Friend said earlier, one of the greatest vehicles for social mobility—including on the estate where I grew up—was the opportunity for families to be the first in a generation to own their own homes. In addition to the right to buy, what measures, including accessing finance, are the Government introducing to create greater home ownership?

Grant Shapps: My hon. Friend is absolutely right to say that the right to buy empowered many families, and it will happen again. However, it is also the case that a whole generation is now locked out by record high house prices—seven times average earnings. To help bridge that gap we are backing an industry-led mortgage indemnity scheme, which will mean people again being able to get 95% mortgages, which operated very well in this country for many decades.

Toby Perkins (Chesterfield) (Lab): There is a real fear that the Minister will fail to achieve anything like the number of first-time home buyers that he expects to achieve through the right-to-buy programme. Another major problem is the increase in stamp duty that has resulted from his ending of the stamp duty holiday. Will he tell us how many home buyers will lose out for that reason?

Grant Shapps: As has been said so many times from the Dispatch Box—but it has still not been heard—the country was seriously in danger of going bust. To do nothing about that, to add to the deficit, and to assume that the solution in every instance is to spend more money or introduce an additional programme to enable it to be spent, is not the answer. The answer is to help people to bridge the gap. The introduction of 95% mortgages through the mortgage indemnity scheme is an innovative move that is backed by the industry and the Government, and I believe that it will help up to 100,000 people over a very short period.

Topical Questions

T1. [84518] **Pamela Nash** (Airdrie and Shotts) (Lab): If he will make a statement on his departmental responsibilities.

The Secretary of State for Communities and Local Government (Mr Eric Pickles): Today I am giving more details of extra help for small businesses with their rent bills. We are cutting taxes for small shops and firms.

I recently met the Archbishop of Canterbury and the Chief Rabbi to discuss aspects of Inter Faith Week, including our £5 million Near Neighbours initiative, which will support the work of local faith groups in building a stronger society.

Last week we paid more than £400 million in new homes bonuses, rewarding councils for delivering 160,000 more homes in the last 12 months, and we have announced that we will be addressing any loss of bonuses in areas affected by last summer's riots.

I have met members of the Gurkha Justice Campaign and Joanna Lumley to discuss our new £1.5 million fund which will help to ensure that Gurkha veterans who fought for our country are treated with the dignity and respect—

Mr Speaker: Order. The Secretary of State's answer is of great interest, but I am afraid that it is far too long. Blue pencil is required.

Pamela Nash: It is good to know that the Secretary of State is earning his salary. He has clearly had a very busy couple of weeks.

In recent years, the partnership between MacMillan Cancer Support and the Citizens Advice Bureau has provided thousands of cancer sufferers with crucial benefits advice, but unfortunately the service is being cut throughout the United Kingdom. That includes the Lanarkshire service, which is based in Airdrie. Does the Secretary of State agree that, as the local authority cuts imposed by this Government and the Scottish Government take hold, this essential service cannot be allowed to disappear, and will he consider ways in which the Government can support it financially to enable it to continue?

Mr Pickles: Obviously I am concerned by what the hon. Lady has said, but, with respect, I am responsible for English local authorities. I suggest that she address her question to the Secretary of State for Scotland or to the Scottish Executive.

T2. [84519] **John Stevenson** (Carlisle) (Con): The new homes bonus and the proposed changes in business rates provide a real opportunity for local government to develop its own tax base. Will the Secretary of State consider granting further additional tax-raising powers to local government to give it more financial independence?

Mr Pickles: We have no plans to increase taxation—the coalition is about reducing taxation whenever possible—but if an authority opts for a mayoral system, there will be additional financial freedoms from which residents can benefit.

Hilary Benn (Leeds Central) (Lab): Last November the Secretary of State said that he was determined to give small business a helping hand. The most direct way in which he can do that is through his own Department's budget. Will he explain why, just when times are getting tougher for businesses, the Department's spending on small businesses in the last six months was 64% lower than it had been in the previous six, while its spending on large firms rose by 22%? How is that a helping hand?

Mr Pickles: We are offering small businesses a holiday from business rates, but the Government have a responsibility to guarantee procurement and good value for the taxpayer. The right hon. Gentleman needs to understand that he and his Government left the country in a hole, and that he and his Government were planning additional costs for local government in the form of an extra £2 billion worth of cuts. He does not have a leg to stand on.

T3. [84520] **Margot James** (Stourbridge) (Con): Dudley council has been selected as the dissemination hub in the black country for support to troubled families. Will my right hon. Friend update the House on the progress of the national unit for troubled families and confirm when local authority hubs may be able to proceed to implementation?

Mr Pickles: We are encouraged by the work that Dudley and other councils have put into developing the dissemination hub proposals. However, with the establishment of the new troubled families team under Louise Casey, it is only right that the team undertake a root-and-branch review of the programme to support and challenge troubled families, and that does include funding issues. The exception is the grant to community budget phase 2 areas, including Dudley, to help to develop a community budget project plan. That grant was paid as part of the November early intervention grant.

T4. [84521] **Nick Smith** (Blaenau Gwent) (Lab): In the light of the Chancellor's statement on the regionalisation of public sector pay, how much more should a dinner lady in Tunbridge Wells be paid than one, say, in Barnsley?

Mr Pickles: I have to tell the hon. Gentleman that a high degree of regional pay exists in local authorities and the difference between grades is considerable. That is due not just to London weighting. Let me give him an example. A finance officer in London will receive just short of £27,000. In the east midlands, they would receive £20,000 and in the south-west they would receive £22,000. A refuse collector will receive £21,000 in London and £16,000 in Yorkshire and Humberside. So the hon. Gentleman needs to understand that regionalisation in pay has existed for a long time in local government.

T5. [84522] **Mr Philip Hollobone** (Kettering) (Con): Will the Secretary of State agree to visit Conservative-controlled Kettering borough council, of which I have the privilege to be a member, to congratulate it on its pledge to freeze council tax for the next four years while maintaining all its front-line services and its entire grant to the local voluntary sector?

The Parliamentary Under-Secretary of State for Communities and Local Government (Robert Neill): I will be happy to take my hon. Friend up on that offer. Kettering is a very good example of how councils can ensure that front-line services are protected, and of course we have been ensuring that we assist councils by freezing council tax again for a further year.

T6. [84523] **Alun Michael** (Cardiff South and Penarth) (Lab/Co-op): If the Government are determined to sell off social housing at an increased discount, as we have heard this afternoon, will the Department pay for that discount, or is the Secretary of State going to steal that money from the local area, where it could be used to provide increased social housing?

The Minister for Housing and Local Government (Grant Shapps): As I have explained several times, the intention is that homes will be built one for one, on the basis of every home that is sold. How that will operate and whether the money will stay locally or be returned via the Homes and Communities Agency will of course depend on what is appropriate in different areas and we will consult on that. There is obviously a Welsh dimension to this and we will talk to the Welsh Assembly, too.

T7. [84524] **Tim Farron** (Westmorland and Lonsdale) (LD): In South Lakeland, more than 3,000 families are on the housing waiting list and more than 3,000 second homes stand empty most of the year. Will the Minister acknowledge the deep injustice that that entails and consider allowing councils to charge double the council tax on second homes in the most blighted areas?

The Parliamentary Under-Secretary of State for Communities and Local Government (Andrew Stunell): I thank my hon. Friend for his question and I certainly acknowledge the seriousness of the problem in his constituency, in the south-west and in other holiday areas. We are consulting on council tax discounts and the empty homes premium. I am sure that he will be alert enough to submit, on behalf of his local authority, a suitable consultation response.

Mr Speaker: Karen Buck. Not here.

Mr David Lammy (Tottenham) (Lab): I am grateful to the Secretary of State for the interest that he has taken in regeneration in Tottenham, but is he aware of the Mayor's outer London fund? A nasty rumour is circulating that it is a sop to outer London boroughs in preparation for the election. I hope that Tottenham will get the lion's share of that money.

Mr Pickles: I am pleased to be able to tell the right hon. Gentleman that I have a copy of his book, and a jolly good read it is too. We expect Croydon and Tottenham to receive approximately £10 million each from the London enterprise fund, but the exact breakdown has not been decided yet, and I am sure the right hon. Gentleman will have something to say on that. In recommending the book, I would draw Members' attentions to the insightful point that

"Labour's greatest dereliction of duty in government was social housing."

I am sure we can all agree on that.

Mr Speaker: The Secretary of State will, no doubt, read the tome over the festive season, and we look forward to hearing about that in due course.

T8. [84525] **Julian Smith** (Skipton and Ripon) (Con): About £170 million of European regional development fund money for Yorkshire and the Humber is still unspent. How is the Secretary of State's Department helping to unlock that, and will he meet me to discuss how we can unlock it faster?

Robert Neill: I will certainly meet my hon. Friend. I am sure he understands that we have had to revisit the administration of the fund, as it was plagued by a legacy of poor administration under the previous Government. We have overhauled the management of the schemes and, in recognition of the work the Government have done, the Commission has lifted an interruption—in other words, a non-payment—which it had previously placed upon the programme. We are also keen to make sure the scheme is properly aligned with policies such as the regional growth fund.

T10. [84527] **Mr Gordon Marsden** (Blackpool South) (Lab): The Minister is far too complacent about the glacial progress in respect of the European regional development fund. Over £1 billion lies unallocated because the Department has been unable to find an unlocking mechanism via the Homes and Communities Agency. Will he urgently present to the House for scrutiny a proper, detailed plan on how he intends to deliver this money to the regions for which it was intended, before it is lost to them for ever?

Robert Neill: It is a bit rich for the hon. Gentleman, a Labour Member, to lecture anyone about the administration of the fund, because his party's stewardship of the fund was condemned by the European Union, which called for a stop to payments as it did not believe they would be properly dispensed, and which made sure that councils, including some in the hon. Gentleman's area, had to pay back money under what were called financial directions under the 2000-06 programme. That was all thanks to the hon. Gentleman's party's foul-up of the system.

Mark Pritchard (The Wrekin) (Con): May I congratulate the Secretary of State on standing up for freedom of speech and freedom of religion by allowing councils to choose whether to hold prayers? Is it not the case that if mainstream parties do not stand up for this country's Judaeo-Christian culture, heritage and traditions, unpleasant parties will?

Mr Pickles: Several centuries have passed since Queen Elizabeth I said she did not wish to have a window into the hearts of people with regard to religion. We belong to a society that should show respect to all religions, and those who do not want to participate in prayer before the start of proceedings should follow our example. Here Members can simply make themselves absent, but are still able to participate fully in the Chamber.

Huw Irranca-Davies (Ogmore) (Lab): In respect of union representation, has the Secretary of State had time to read the 2007 Department for Business, Enterprise and Regulatory Reform report showing savings for society of up to £371 million in reducing the number of days at work lost and up to £207 million in reducing work-related illnesses? Will he carry out his own assessments before embarking on some mad, bad, dangerous anti-union legislation?

Mr Pickles: The hon. Gentleman is entirely wrong. Far from being anti-union, we are very pro-union, but what we are not terribly in favour of is unions being paid by the state to follow their activities. That seems to me to be an utterly moderate and reasonable view.

Mr Marcus Jones (Nuneaton) (Con): Will my right hon. Friend assure my constituents that, under his stewardship, DCLG Ministers and civil servants will not pay for expenses such as trips to casinos in Sydney, Australia by putting them on to Government procurement cards paid for by taxpayers' money, as was allowed when the now Lord Prescott was in charge of the Department?

Mr Pickles: We have closed down many of the procurement cards. They did not provide value for money. We are also publishing all spending of over £500 a month, cutting down the number of cardholders from 210 to 33, cancelling cash withdrawal facilities from the cards, and introducing new internal checks and audit trails for pre-approvals. We must remember that this is the public's money, and those given the privilege of a credit card on the public expense must not use it as their flexible friend.

Paul Flynn (Newport West) (Lab): Will the right hon. Gentleman acknowledge the debt that the Thatcher Government owed to the policies advanced a decade earlier by the Labour councils in Newport and Leicester, which believed that the experience was that rent is theft?

Mr Pickles: No.

Martin Vickers (Cleethorpes) (Con): In reply to the question about elected mayors from my hon. Friend the Member for Carlisle (John Stevenson), the Minister of State, Department for Communities and Local Government, my right hon. Friend the Member for Tunbridge Wells (Greg Clark) rightly pointed out that it is possible for constituents to petition for a referendum, but he will be aware of the considerable resistance within local authorities. Will he assure me that if that proves to be a continuing problem, he will look further at means to deal with it?

The Minister of State, Department for Communities and Local Government (Greg Clark): I am convinced that the leadership that a mayor can provide can turn around the prospects of cities and towns across the

country. I would encourage my hon. Friend, who has formidable local leadership skills, which I have witnessed, to mount the campaign that he talks about.

Simon Danczuk (Rochdale) (Lab): At these questions on 31 October, I asked the Under-Secretary of State for Communities and Local Government, the hon. Member for Hazel Grove (Andrew Stunell) about a secret private meeting he attended about house building on a former asbestos factory site in my constituency. Extraordinarily, he refused to answer and his colleague, the Under-Secretary of State for Communities and Local Government, the hon. Member for Bromley and Chislehurst (Robert Neill), answered on his behalf. On 2 November, straight after those questions, I wrote to him for answers to these questions but after a month I still have not had a reply. When are Rochdale residents going to get an answer to these questions about this secret private meeting —why does he not answer now?

Andrew Stunell: Very soon.

Craig Whittaker (Calder Valley) (Con): Calderdale council, which pays £80,000 per annum directly to unions for representatives for its work force, is looking into withholding the equivalent of one day's pay because of the recent strikes. Will the Secretary of State advise us whether he is aware of many other local authorities that are doing the same?

Mr Pickles: In these stringent times, all local authorities are seeking value for money. I certainly believe in the principle of people being able to withdraw their labour. That is a very important freedom that we have in this country, but it should not be without cost; it makes it so much better if people thereby lose money.

Life Sciences

3.32 pm

The Secretary of State for Health (Mr Andrew Lansley): With permission, Mr Speaker, I would like to make a statement about the strategy for UK life sciences that the Prime Minister is launching this afternoon at a leading life sciences conference. The life sciences industry is one of the most promising areas for growth in the UK economy. It has consistently shown stronger growth than the United Kingdom as a whole, and it accounts for 165,000 UK jobs and totals more than £50 billion in turnover. Pharmaceuticals alone account for more than a quarter of our total industrial research and development spend. Global pharmaceutical sales are predicted to grow by up to 6% a year in the coming years, and in emerging economies medical technology is achieving growth rates of more than 12%. A flourishing life sciences sector is essential if we want to build a more outward-looking, export-driven economy. The partnership between industry, the NHS and our outstanding universities is not just essential to economic growth; it will benefit millions of future and current NHS patients, fuelling the more rapid development of cutting-edge treatments and earlier access to those treatments for NHS patients.

Like many industries, the life sciences industry is undergoing rapid change. The old "big pharma" model of having thousands of highly-paid researchers working on a pipeline of blockbuster drugs is declining. A new model has emerged—one that is more about collaboration, the outsourcing of research and early clinical trials on patients. Excessive regulation can mean that the uptake of new treatments and technology is slow. That is a challenge felt acutely by an industry that sometimes feels that the return is not there quickly enough to satisfy investors. It is felt even more acutely by patients, who understandably expect that they should be able to access the latest and most effective treatments, and that new innovations in care should be adopted rapidly by the NHS.

We have a leading science base, four of the world's top 10 universities and a national health service that is uniquely capable of understanding population health characteristics, but those strengths alone are not enough to keep pace with what is happening. We must radically change the way we innovate and the way we collaborate.

The life sciences strategy we launch today, alongside the NHS chief executive's review on innovation, health and wealth, sets out how we will support closer collaboration between the NHS, industry and our universities, driving growth in the economy and improvements in the NHS. All the documents have been placed in the Library.

Among other key measures, we will set up a new programme between the Medical Research Council and the Technology Strategy Board to bring medical discoveries closer to commercialisation and use in the NHS. There are many medical products being developed to treat patients and the cost of developing them is high because they take a long time to develop and test. Investors want to see at least some evidence that the products might work in people and robust validation of the quality of the research and development work being undertaken, as well as of the capability of the company to bring the product to market, before they will finance the development of the products. That means that some of the best medical innovations are not making it through to patients. We are already providing investment to address that, but we believe that we can do more to support the development of these products across funding organisations and the successive stages of product development, which will support the development of promising innovations and help to increase the number of treatments made available to patients. We are therefore introducing a £180 million catalyst fund for the most promising medical treatments.

It can take more than 20 years from the first discovery of a drug until patients can be prescribed it by their doctor and we have already taken steps to address that. Through the National Institute for Health Research, we are investing £800 million in new research centres and two major translational research partnerships that will help cut the time between the development of new treatments and their application in the NHS—from the bench to the bedside.

Now, we are going further. As part of a major drive to improve innovation and access to medicines in the NHS, we are announcing proposals on a new early access scheme that could allow thousands of the most seriously ill patients to access new cutting-edge drugs up to a year earlier than they can now. Through the early access scheme, the medicines regulator, the Medicines and Healthcare products Regulatory Agency, would provide a scientific opinion on the emerging benefits and risks of very promising new drugs to treat patients with life-threatening or debilitating conditions for whom there are no satisfactory treatment options. That will mean that seriously ill patients of any age who have no other hope of being treated or having their life extended could benefit from drugs more quickly, around a year before they are licensed.

We must also ensure that we make better use of our unique NHS data capability. It is often said that the NHS is data-rich but information-poor. As a national health service, it contains more data about health than any other comparable health system in the world, but neither the NHS nor scientists developing new drugs and treatments have always been able consistently to make good use of the data or to use them to drive further scientific breakthroughs.

We have seen how powerful the release of data can be. For example, South London and Maudsley NHS Trust and the Institute of Psychiatry now have access to a database covering 250,000 patients. It includes their brain scans, medical records and notes—a wealth of information, all consented to and all anonymised, that is helping them find new answers in the fight against dementia.

We need powerful data-handling capacity and the skills to write the software to mine them. That is why we are investing in e-infrastructure, which will provide secure data services to researchers. The clinical practice research datalink is being introduced by the MHRA in partnership with the NIHR and will provide a specialised service to the research and life sciences communities. Let me reassure the House that we will take all necessary steps to ensure safeguards for patient confidentiality.

We will also make sure that more UK patients get the opportunity to take part in national and international clinical trials and play a much greater role in the development of cutting-edge treatments. We believe that patients should have the right to access new treatments and be involved in research to develop new medicines.

We have responded to calls from research charities and clinicians for Government to get patients more involved in supporting research. A recent Ipsos MORI poll in June found that 97% of people believed it is important that the NHS should support research into new treatments and, in addition, 72% would like to be offered opportunities to be involved in research trials. We will therefore consult on changing the NHS constitution so that there is an assumption, with the ability to opt out, that data collected during a patient's care by the NHS may be used for approved research.

That would make it clear that researchers and companies with new and potentially life-saving medicines could access the data of patients and could approach patients whom they feel could benefit in order to discuss their involvement in research studies. This would encourage growth in the life sciences industry as more people and more detailed data would be available for the important trials and research needed to get breakthrough treatments used more widely.

Additionally, we have set out actions to improve incentives for investment in innovation and to reduce regulatory bureaucracy. With the creation of the Health Research Authority, we will streamline regulation and improve the cost-effectiveness of clinical trials. As the NHS chief executive's review of innovation has shown, the NHS needs to be quicker and smarter in adopting new technologies and approaches to care that can both save more lives and cut costs.

Sometimes, it is a question of evidence. Until recently, we could not say with certainty that telehealth could keep people out of hospital and save lives, and there was understandable reluctance among parts of the NHS and councils to invest in untried technology. However, as early results from the whole system demonstrator pilots show, the potential of telehealth is nothing short of remarkable, with dramatic reductions in mortality, in hospital admissions, in emergency visits and in the number of hospital bed days. To make the most of this, we will support the NHS and work in partnership with industry and councils dramatically to spread the use of telehealth over the next five years. In doing so, we are looking to transform the lives of 3 million people in this country.

We will become a global leader in the management of chronic and long-term conditions, generating massive opportunities for UK companies developing this technology. It will be innovation in practice and we will foster other proven innovations such as fluid management technology techniques that were developed for use in high-risk surgery and critical care to help clinicians administer fluids and drugs safely. In March 2011, the National Institute for Health and Clinical Excellence published guidance recommending that this technology should be used for patients undergoing major or high-risk surgery. Currently, it is used for fewer than 5% of applicable patients despite evidence showing that it could benefit 800,000 patients and save the NHS £400 million. We will launch a national drive to make sure that fluid management technology is used in appropriate settings across the NHS. That is one example of many.

The innovation review sets out how we will address all the barriers to innovation in the NHS, whether they involve culture, leadership, training, use of information or lack of incentives and investment. We will also introduce a NICE compliance regime that will mean that medicines approved by NICE will be available on the NHS much more quickly. The plans set out in today's strategies will help to drive the development of new technologies to diagnose and treat the most complex diseases in this country for the benefit of NHS patients. This is a strong package of measures that will support economic growth and innovation in the NHS and will drive significant improvements in patient care. I commend this statement to the House.

Andy Burnham (Leigh) (Lab): May I thank the right hon. Gentleman for his statement and start by setting out two points of common ground with the Government? First, we too have pride in Britain's life sciences industry and its strength. We agree that the industry needs Government support and focus if its potential to contribute to the country's industrial future is to be maximised. Secondly, we agree that there are huge potential benefits to British patients from closer collaboration between the NHS and the industry. We all want patients to have the quickest possible access to the latest life-saving and life-enhancing treatments.

It was for those two principal reasons that Labour, when in government, prioritised the life sciences sector and established the Office for Life Sciences. In Lord Drayson, we created a life sciences Minister who was a contact point for the industry—someone of huge experience and with real personal commitment to the industry. One of our criticisms of this Government is that they have allowed the momentum that Labour had established in promoting the industry to fall away. Progress has stalled because of the Government's failure to understand that economic growth needs a proper partnership between the public and private sector and because of the combined effect of a number of their policies. Such policies include: damaging 15% real-terms cuts to the science budget; the loss of the regional developments agencies, many of which were heavily involved in this area; cuts to regional investment; and the destabilising effect of the unnecessary reorganisation of the NHS, particularly the disintegration of the strategic health authorities, which played a role in promoting research. The unexpected closure of Pfizer earlier this year exposed a Government asleep at the wheel and was a wake-up call, and now we see a Government playing catch-up.

Although we welcome their belated recognition of the importance of the sector, there are sensitive issues involved and Ministers need to tread carefully so as not to undermine public trust. What they are fond of calling red tape are, to others, essential safeguards. Some areas will always need proper regulation and the use of patient data is most certainly one of them. As we have heard from patients groups today, some have been caused real anxiety by this media-briefed statement from the Government and the lack of accompanying detail.

Ministers need to be aware that people with terminal illnesses and long-term conditions will react differently from others to a statement of this kind, so for them we seek direct assurances today from the Secretary of State that he failed to give in his statement. Will all patients have the ability to opt out of the sharing of their data, even in anonymised form? Surely that fundamental principle of consent should form the bedrock of any new system, and that control of data should be possible in today's information age. If the Secretary of State cannot give that assurance, why not? How can he justify that?

[Andy Burnham]

Did patients' representatives walk away from the Department of Health working group on these important matters and, if so, why? One representative said on the radio this morning that the whole process "stinks". Does the Secretary of State not accept that he and his Department will need to do better than this to uphold public confidence in the process or risk undermining trust in the whole principle? What safeguards will there be to ensure that patient data are stored securely? Does he not need to articulate a more positive statement of patients' rights in this important area, rather than the loose opt-out he proposes in the NHS constitution?

Is it the case that the anonymity of data cannot always be guaranteed? If so, what are those circumstances and, again, why not? Even within anonymised datasets, particularly dealing with small numbers of very specific conditions, it is possible to identify individual patients. What steps are being taken to guard against those risks? Will the Secretary of State give a categorical assurance that data cannot be used for purposes other than research—passed on to third parties or used by the same company to target people for other products and services?

Today's announcement also needs to be considered in the context of the Government's reorganisation of the NHS. Does not a more market-based health system with a greater number of private providers create much greater challenges for the control of data? I had many dealings with senior figures in the pharmaceutical industry in my time as a Minister. They were clear that it was the national structure of the NHS, and the ability to collaborate and share information across a whole health system, that was a huge attraction to the industry and a competitive strength for this country.

Does not the Secretary of State's Health and Social Care Bill risk turning the NHS into a competitive market, where collaboration is discouraged in an any-qualified-provider free-for-all? So how can he guarantee that that competitive strength will be there in the future and will continue to be used by the pharmaceutical industry? Although he will not admit it today, were not many of the measures he has announced, particularly the expansion of telecare, made possible by the steps that we took to invest and modernise NHS IT?

More broadly, this announcement raises questions about the Government's policy on the involvement of the private sector in the NHS. The Government need to set out what, if any, limit they see on the involvement of the private sector in the NHS. The Prime Minister has said that he wants the NHS to be a fantastic business. Let me quote from a recent leaked document on NHS commissioning, "Towards Service Excellence". It says:

> "The NHS sector . . . needs to make the transition from statutory function to freestanding enterprise."

It is no wonder that, on the back of these worrying words, the British Medical Association has adopted a position of outright opposition to the Secretary of State's Bill. Our worry is that, in their desperation to develop a credible industrial strategy, Ministers seem ready to put large chunks of the NHS up for sale.

Patient data are not the Secretary of State's to give away. The NHS is not his to sell. The truth is that the Government are running huge risks with patient confidentiality and patient safety by opening up the NHS to the private sector and reorganising at a time of financial stress, but we do not yet know the full scale of those risks.

Mr Speaker: Order. I am pretty sure that the shadow Secretary of State is on his last sentence, which is almost certainly a short one.

Andy Burnham: It is.

The great irony is this: while Ministers are happy to offer up other people's data, they continue to withhold the NHS risk register, which shows the risk they are running with our NHS. Is that not why people are increasingly asking what the Secretary of State has to hide?

Mr Lansley: I am afraid that the last sentence was not really worth it, Mr Speaker. The right hon. Gentleman, while talking about things that were completely irrelevant to my statement, asked a number of questions. Will patients be able to opt out? Yes. It is clear that they will be able to opt out, as I have said. Are there risks relating to a small number of patients being identified? No. As he should know, and as has been done in relation to the general practice research database, where there are small populations of patients in which it might be possible to indentify individuals, or where a small number of patients have very specific sub-sets of conditions and there is a risk of identification, it is perfectly possible to ensure that that information cannot be accessed through the database. We have made it clear that data would be not only anonymised—in fact, it would be double anonymised—in order to ensure that it cannot be recreated, but viewed in such a way that will make it impossible to identify from the circumstances of the data where the patient comes from.

The right hon. Gentleman asked whether the database must be used for approved research or could be used for other purposes. It must be used for approved research and cannot be used for other purposes. It is not a database that people, whoever they may be, whether from universities or pharmaceutical research companies, can simply access in order to go mining for information; they must do so only through the MHRA and for approved research purposes.

Finally, the right hon. Gentleman asked—frankly, I think it is irrelevant—about the extent of the private sector's role. Unlike his predecessor, Patricia Hewitt, who was Secretary of State when he was a Health Minister, and who said that she was aiming for 10% or 15% private sector involvement, we are not looking for a specific level of private sector involvement or creating a free market in the NHS. It will continue to be a national health service with the national characteristics that we would expect, funded through taxation and available to all based on need, not ability to pay, and in this context it will continue to be a national NHS. The simple fact that, among other measures in the life sciences strategy, we are able to show how we can bring data sets together, including the general practice database, the hospital episodes statistics, the cancer registries and so on, in order to show the power of data across the whole NHS to support research for new treatments is a complete vindication of the fact that it will be a national health service—that it will change in that respect and that patients will benefit from both the national health service and the research that comes with it.

Mr David Burrowes (Enfield, Southgate) (Con): May I be the first warmly to welcome the Secretary of State's statement and to make a bid for the catalyst fund for regenerative medicine, which not only offers great hope for the future but is providing life-saving treatment through umbilical cord blood? I refer him to the recommendation the UK stem cell strategic forum made last year for collaboration between universities, hospitals and farming industries to make greater use of the application of cord blood now and in future.

Mr Lansley: I am grateful to my hon. Friend and heartily welcome his support for the opportunities in regenerative medicine. I was fortunate enough to meet at the UK Stroke Forum last Thursday, among those exhibiting, a company that is based in England but undertaking trials and research activity in Scotland and is looking precisely at how it can use foetal-derived stem cells for regenerative purposes. The right hon. Member for Leigh (Andy Burnham) talked about Pfizer. In my constituency, it has been one of the companies leading the development of new regenerative medicine techniques. That is clearly one of the areas that this country has tremendous potential in developing. The technology innovation centre for regenerative medicine was announced in the "Plan for Growth" published alongside the Budget earlier this year, and I hope that it will be one of the areas in which we will see those developments.

Mr Kevin Barron (Rother Valley) (Lab): The Health Committee, in its report on the electronic patient record, published in September 2007, stated that the highly detailed data captured had "outstanding" prospects for new and improved research, but it also asked that the best balance be found between

"the opportunity to improve access for research purposes with the ongoing need to safeguard patient privacy".

Do the Government believe they can get that right, so that we can go ahead and use the enormous amount of data that we have in this country to improve health care for patients not just here, but throughout the world?

Mr Lansley: I am glad that the right hon. Gentleman is here and able to ask that question, because he was the Chair of the Health Committee in September 2007, when it stated that the secondary use of data in the NHS was "vital" for the development of the NHS, including for research use. I hope that he is one of those who recognise that what we are setting out in the life sciences strategy—in particular, with the clinical practice research datalink—will enable precisely all those secondary uses for research to be developed.

Dr Julian Huppert (Cambridge) (LD): As the Secretary of State will know well, the Cambridge area is world leading in life sciences, both in academia and in industry. This strategy, and the investment to go with it, is very welcome indeed and will, I am sure, support a lot of activity in Cambridge and in South Cambridgeshire. There is one slightly sour note about private data, however, so I hope that the details will be published of exactly how the steps to which the Secretary of State referred will be taken to protect that, but, on clinical trials and what will happen to regulation, will he implement in full the recommendations of the Academy of Medical Sciences?

Mr Lansley: I am grateful to my hon. Friend. He and I share a vigorous and vibrant life sciences sector, and I hope that the strategy that we have announced today will be taken up rapidly in our constituencies. He asks about the Academy of Medical Sciences. Back in the "Plan for Growth" in the Budget, we responded precisely to that point, and on 1 December, as a consequence of the positive response to what the academy said, I brought into effect the Health Research Authority to ensure that we simplify the process of approval for clinical trials. Through the National Institute for Health Research, as we said earlier in the year, we are seeking to arrive at a point where there is a maximum of 70 days for the first recruitment of patients to clinical trials, and that will get us into an internationally competitive position.

Mr Frank Field (Birkenhead) (Lab): May I ask the Secretary of State a further question about the rights of people to opt out of the scheme? Will he extend the right of opt-out for those people who refuse to participate in the scheme to include a refusal of the advantages that come from sharing such information, which will be gained by the generosity of spirit of their fellow citizens who participate?

Mr Lansley: I understand the right hon. Gentleman's point, but the ethical approach is for everyone to have access to the latest and best available treatments through the NHS. That is the principle that we apply, but we should be aware that, although we offer people the right to opt out, we have seen—for example, in relation to the general practice research database, where patients have the equivalent right to opt out, and in two pilots conducted on the proposals that we have announced—that the rate of opt out is 0.1%.

Dr Sarah Wollaston (Totnes) (Con): I warmly welcome the Secretary of State's statement, as this strategy will reduce the delay between discovery and dispensing and, undoubtedly, bring great benefits to patients and to our pharmaceutical industry, but in return will he ask the industry to go further and publish negative trial data, as well as positive trial data, as a gesture to improve the quality of research data?

Mr Lansley: I am grateful to my hon. Friend for that point. The industry has done quite a lot in recent years in publishing more data, including data that do not necessarily support the positive case that it is looking for, because all of us, and especially those working in the field, learn a great deal and, sometimes, as much from clinical trials that produce a negative result as we do from those that produce a positive result. So, I will certainly take her point away, explore it with my colleagues and write to her if we can take further steps in that direction.

Hywel Williams (Arfon) (PC): Are the patient data proposals to be England-only or UK-wide? If so, what is the relationship with projects such as the SAIL—Secure Anonymised Information Linkage—database in Swansea and Biobank? I foresee some ethical problems, as Biobank operates specifically on a voluntary basis with a written, sought-for consent. Does the Secretary of State see that there might be some problems there?

Mr Lansley: I am grateful for that question. What we are setting out is hosted by the Medicines and Healthcare products Regulatory Agency, which will be able to link datasets for which it is responsible, which do, in some cases, have a UK basis rather than an England-alone basis.

John Pugh (Southport) (LD): I welcome the statement. The Secretary of State mentions telehealth, which is currently making greater progress in Scotland than in England. Has this anything to do with less structural reform or more strategic leadership?

Mr Lansley: My hon. Friend might like to know that while initial and very positive steps were taken in Scotland —for example, in Lanarkshire—we have now undertaken, through the whole system demonstrator pilots, the world's largest randomised control trial of telehealth technology, and that gives us a strength from which we can develop telehealth systems that is unparalleled anywhere in the world. In so far as there is a capacity to provide telehealth systems and provide for their use across health care systems, I suspect that we shall shortly see England overtake Scotland in that respect. It is a form of competition that I am perfectly happy to be engaged in—and if the Scots can do better than us, then good luck to them. However, we are showing, through these pilots, how we are ready to go at developing something of great benefit to patients.

Andrew Miller (Ellesmere Port and Neston) (Lab): It is good to see that the Secretary of State is now on the same side of the debate as me regarding NO2ID and similar issues. Nevertheless, there is an important issue about ensuring the greatest public buy-in to the issue of data sharing, and careful work is needed on that. May I specifically ask him about the catalyst fund? To what extent is this new money? Can he assure the House that money from patient care is not being transferred into the catalyst fund? Will the Technology Strategy Board be able to control its use, or will it be directed by Government?

Mr Lansley: In the first instance, the £180 million to which I referred consists of £90 million from the Medical Research Council, which is new money within its existing budget but not at the expense of any other programmes. The other £90 million is provided by the Treasury to the TSB and is new money. None of this comes out of any NHS resources. The implementation will be led by the Medical Research Council, so to that extent it will not be driven by Government.

Iain Stewart (Milton Keynes South) (Con): Does my right hon. Friend believe that there is a threat that parts of the UK pharmaceutical industry might relocate overseas if this package of reforms does not proceed?

Mr Lansley: There is always that risk because, as my hon. Friend entirely knows, international competition is intense, particularly in the pharmaceutical sector. Following the measures that were announced alongside the Budget in the plan for growth, not least the availability of the patent box from April 2013, it is clear from discussions that my right hon. Friends and I have had with many of the boards of leading international pharmaceutical companies that the United Kingdom is now becoming a better location for investment in pharmaceutical activity than used to be the case. Those companies look very positively at the steps we have taken on regulatory activity and clinical trials, at the steps we are taking on promoting innovation through the value-based pricing system, and in particular, understandably, at the tax measures that my right hon. Friend the Chancellor announced, especially on the patent box.

Paul Goggins (Wythenshawe and Sale East) (Lab): The Secretary of State's statement raises a number of important ethical issues. Will he take a close look at the emerging proposals for a medipark that is close to Wythenshawe hospital and part of Greater Manchester's airport city enterprise zone? This has tremendous potential to attract investment from global bioscience and pharmaceutical companies, which would make a massive difference in my constituency and way beyond that. Will he look to see what support can be offered?

Mr Lansley: I will gladly do so. As the right hon. Gentleman knows, the designation of an academic health science centre in Manchester has supported many developments. We want to go further. In today's life sciences strategy, we are making it clear that not only do we want to maintain the academic health science centre designation as a world-class designation for comprehensive research centres, but we want to go further and ensure that such centres are used to diffuse and spread innovation across the NHS more effectively. Next spring, we will set out how we will enable academic health science networks to be designated. That will happen during 2012-13. I will happily look at the circumstances in south Manchester and at how this matter will apply there. I hope that partnerships will be forged between the NHS, universities and the private sector of the kind that he and I know will be successful.

John Howell (Henley) (Con): Does my right hon. Friend agree that there is a world of difference between streamlining regulation, to use his phrase, and the picture of the indiscriminate abolishment of regulation that the Opposition tried to create? Such streamlining is essential to cut the time from invention to adoption.

Mr Lansley: I am clear, and I know that my hon. Friend agrees, that we must ensure that the regulatory processes are effective and that the medicines that are available in this country are of the necessary quality, safe and effective. However, we must not allow the delays that are inherent in some of these processes to prevent information from being provided on the basis of which clinicians, with the active, informed consent of patients, can access what they regard as potentially effective medicines. In the overall context of patient safety, we do patients a serious disservice if we know that there is a potentially effective medicine available and do not give them the first possible opportunity to access it.

Julie Hilling (Bolton West) (Lab): The Secretary of State says that his proposals reflect his commitment to the national health service. If GPs will be commissioning treatments, how will he ensure that they commission new and more effective treatments that might be more expensive?

Mr Lansley: As the hon. Lady will know, the Health and Social Care Bill that is being considered in another place will, for the first time, place a direct legal duty to support innovation on clinical commissioning groups. That will be supported by the process of commissioning from the acute sector, in which the quality increments in the tariff will directly drive innovations in best practice.

David Rutley (Macclesfield) (Con): I welcome the Secretary of State's statement. These proposals are vital for the competitiveness of life sciences and pharmaceuticals, which are vital for the UK and for the local economy in Macclesfield. Will he tell the House how these steps will reduce the time that is taken to establish clinical trials, which has been a barrier for far too long?

Mr Lansley: The principal impact that we are having relates to the National Institute for Health Research, which, through its contracts with the NHS and other partners, is driving the time to the first recruitment of clinical trials down to 70 days. That will get us to a competitive position. We are also working in partnership with the pharmaceutical industry, for example to look at how some of the new stratified medicines will be available. Today, we are entering into partnership with AstraZeneca, which is close to my hon. Friend's constituency, to understand what specific compounds are likely to be of benefit to some subsets of the population with cancer through the use of targeted new medicines.

Paul Flynn (Newport West) (Lab): As the policy rests on the trust in the regulatory body that was tardy in protecting patients against the adverse side effects of Vioxx and Seroxat, is it not time that we had a fully independent MHRA and not one that is funded entirely by the pharmaceutical industry? As big pharma pays the piper, is it not possible that it will call the tune for its own commercial interests?

Mr Lansley: I think that the hon. Gentleman is wrong about that. The MHRA operates, in scientific and expert terms, in an independent fashion. In so far as it is accountable, it is accountable to me as Secretary of State and to this House. It is not accountable to the pharmaceutical industry. If he is proposing a major transfer of costs from the pharmaceutical industry to the taxpayer, I am afraid that I do not agree with him.

Nick de Bois (Enfield North) (Con): I warmly welcome the commitment to telehealth and the expansion of it over the next five years. Does the Secretary of State agree, however, that that represents a step change for patients? Will it be the responsibility of councils and stakeholders to demonstrate the value and benefits of telehealth to their patients, so that there is full buy-in?

Mr Lansley: I am grateful to my hon. Friend. The figures from the evaluation of the 6,000 or so patients who have participated in the three pilots in Cornwall, Kent and Newham suggest that if telehealth is appropriately and properly provided, there are benefits. There was a total reduction of 45% in mortality, about 21% in accident and emergency visits, about 15% in planned admissions and bed stays in hospital and about 8% in costs. Those are dramatic benefits, but the most important aspect is the empowerment that telehealth gives patients so that they can be at home and be confident about their care, rather than be prey to rapid crises leading to admission to hospital.

Mr Dennis Skinner (Bolsover) (Lab): Is this whole idea not being driven by the pharmaceutical industry in order to make money? In the real world, when I have been in hospital in these past 10 or 15 years for all sorts of different problems, all of us have relied on the care and attention of the doctors and nurses. There was an increase of about 30,000 doctors and 80,000 nurses, because we put a lot more money in. I did not meet anybody at all who ever said to me, "I've just been given some drugs to look after my heart, but I don't like them and I want something else". The whole thing is a money-making exercise by the pharmaceutical industry, which has friends in the Tory party. We are supposed to be short of money in this country and in the health service. What we really need is to stop sacking nurses, which will make it a lot better.

Mr Lansley: The hon. Gentleman will have to talk to the right hon. Member for Leigh (Andy Burnham), who claimed to be the friend of the pharmaceutical industry. The truth is that we should all be friends of it and support it. Why? Because it has the capacity to bring in new medicines and new treatments that are to the benefit of patients. From my point of view, it is not about the profitability of the pharmaceutical industry, it is about working with those who have the greatest potential to bring investment to this country for economic benefit and, more importantly, to improve benefits for patients. The hon. Gentleman, who has no doubt been the beneficiary of many therapeutic improvements generated by investment in the pharmaceutical industry, should not decry it.

Mr Skinner: Yes, but in a free health service, not a privatised health service, which it will be—

Mr Speaker: Order. The hon. Gentleman has made his point.

May I say gently to the Secretary of State that we are enjoying the full product of his lucubrations, but I think just a snapshot will do. We can get by with that. *[Interruption.]* The Minister of State, the right hon. Member for Chelmsford (Mr Burns), can look it up in his dictionary later. That is fine.

Mike Crockart (Edinburgh West) (LD): Key to the strategy announced today is the ability to translate primary research into early adoption and commercial outcomes. Does the Secretary of State agree that Edinburgh's BioQuarter is uniquely placed to do that, as it already shares a campus with the state-of-the-art royal infirmary of Edinburgh and is hopefully soon to be joined by the excellent sick children's hospital, providing a base for the commercialisation of the innovative work being carried out by Edinburgh's universities?

Mr Lansley: My hon. Friend makes a very good point, and far be it from me to comment further. He explained very well the benefits associated with investment and developments in Edinburgh and how the universities, the pharmaceutical industry and the NHS are working together there. That is also happening in locations

[Mr Lansley]

in England, and across the United Kingdom we are providing real opportunities for international investment in biosciences.

Stuart Andrew (Pudsey) (Con): During my time working within the hospice movement, it was my privilege to meet many patients and families. They naturally wanted everything at their disposal that would extend patients' lives or at the very least make them more comfortable. At times, they would feel frustrated that patients in other countries benefited from drugs before they could, even though they were invented here. What is the Secretary of State doing to try to rectify that problem?

Mr Lansley: My hon. Friend makes a very good point from his personal experience. It is precisely because we recognised that patients in Britain were not getting access to the latest cancer medicines as quickly as patients in other countries that we were clear at the election that we would introduce a cancer drugs fund. Since the introduction of the fund in October 2010, more than 7,500 patients have accessed new cancer medicines through it. The early access scheme that I have described will go even a step further in anticipating the successful, efficacious introduction of new medicines in a way that allows patients and clinicians sometimes to access medicines even before the point at which they are licensed.

Andrew Bridgen (North West Leicestershire) (Con): As a graduate in biological sciences, I welcome the Secretary of State's commitment to life sciences in this country. In my opinion, there has been too much of a disconnect between vital research at universities and in the private sector and the NHS. How will the Secretary of State ensure that the biggest beneficiaries of the release of these valuable data are UK patients and universities, and UK-based companies?

Mr Lansley: I would instance two things in that respect, the first of which is the developing collaborations that were started under the academic health science centres and that will be continued through the networks that we want to extend. Those partnerships are specifically designed—£800 million was allocated in August, based on a competition—to enable the translation of discovery into new medicines in this country.

Secondly, the £180 million catalyst fund, which the MRC and Technology Strategy Board will implement, is specifically designed to take those ideas—the MRC says that it has some 360 such potential developments in medicines and treatments—through to the point at which they can be developed. Of course, that will be in this country.

Mr Philip Hollobone (Kettering) (Con): Given that Northamptonshire has one of the most rapidly growing populations of patients in older age of anywhere in the country, I am sure my constituents will welcome the Secretary of State's commitment that this country will become the global leader in the management of chronic and long-term conditions. We want to realise that praiseworthy ambition, but how far behind the curve are we at the moment?

Mr Lansley: The answer to that question varies depending on which conditions one is talking about. When one looks at the OECD "Health at a Glance" data that was published on 23 November, one sees how relatively poor are our mortality outcomes in relation to respiratory and chronic obstructive pulmonary diseases. By contrast, we are slightly better than average in relation to diabetes. However, I have seen for myself how well patients with COPD can manage their conditions at home. For example, they can see their blood oxygen levels day-by-day and have supplies of medicines at home, including steroids. They can therefore anticipate and deal with any exacerbations of their condition so that they do not end up in an ambulance going to hospital late at night.

Duncan Hames (Chippenham) (LD): From earlier access to potentially life-saving medicines through to releasing the power of information in the NHS, there is much to welcome in this statement. Given the importance of techniques such as pseudonymisation, how satisfied is the Secretary of State with the priority afforded to developing the informatics capability of NHS staff?

Mr Lansley: My hon. Friend makes an important point, to which I fear I do not have time to respond fully. One thing that I hope we can do as a consequence of abandoning the previous Government's failed NHS IT structure is empower many individual hospital trusts and general practices once more to develop their own informatics expertise, which will stretch beyond IT infrastructure to the positive uses of data and information for the benefit of patients.

Point of Order

4.19 pm

Paul Flynn (Newport West) (Lab): On a point of order, Mr Speaker. Great progress has been made, principally as a result of your work, in ensuring that exchanges in this House at question times are briefer and pithier than previously, but there is one area of weakness. May I suggest that it might be a good idea if you organised a seminar for Ministers on the existence, purpose and use of the full stop?

Mr Speaker: I appreciate the recommendation of the hon. Gentleman. Self-knowledge would be a starter, and until such exists, I am not sure that the turnout would be quite what I might wish, but we will reflect on the matter, and I am grateful to him, as always.

Backbench Business

Ministerial Statements

Mr Speaker: It may be for the convenience of the House to know that the Backbench Business Committee recommended that there should be a division of time between the two subjects such that the second debate will start at or around, but certainly not significantly later than, 7 o'clock, and possibly a little earlier.

4.20 pm

Mr Philip Hollobone (Kettering) (Con): I beg to move,

That this House expects Ministers to make all important announcements relating to government policy to Parliament before they are made elsewhere on all occasions when Parliament is sitting; considers that information which forms all or part of such announcements should not be released to the press before such a statement is made to Parliament, as recommended in the First Report from the Procedure Committee, on Ministerial Statements, HC 602; and further considers that hon. Members who believe the protocol has been breached should first report this to the Speaker for his judgment and that in the case of a minor breach the Speaker may take appropriate steps but in more serious or more complex cases he would refer the matter to the Committee on Standards and Privileges for further investigation.

The motion is in my name and that of hon. Friends on both sides of the House, but primarily it is in the name of the Backbench Business Committee. Mr Speaker, the motion is in defence both of your advice to this House on many occasions and of the ministerial code.

On 20 July 2010, the Backbench Business Committee held its first debate on the Floor of the House. It chose ministerial statements as its subject because it is an issue that comes to the very heart of the effectiveness of this Chamber as part of Parliament holding the Executive of our great nation to account. We are probably all in agreement that whenever the House is sitting, Her Majesty's Government should make announcements of policy first to this House. For those who are not familiar with every word, dot and comma of the 2010 ministerial code, as published by the Cabinet Office, let me remind them of what paragraph 9.1 says:

"When Parliament is in session, the most important announcements of Government policy should be made in the first instance, in Parliament."

I am happy to report that Back Benchers and Front Benchers alike are unanimously agreed on the importance of those strictures.

Harriett Baldwin (West Worcestershire) (Con): Can my hon. Friend help me out, as a new Member? When he says "in session", does he mean after Prayers, or is he referring to the period of Parliament when there is a 24-hour news cycle?

Mr Hollobone: That is a very good question. We will probably discuss that very point during the course of this debate. In my own humble opinion, I think that "in session" means when Parliament is sitting—by that I mean sitting days versus non-sitting days. When there is a sitting day, it is my view, and I suspect that of lots of hon. Members, that Her Majesty's Government should be making announcements to Parliament first. That may require the Government to contain themselves so

[Mr Hollobone]

that they release that information on the Floor of the House in the afternoon rather than on the "Today" programme in the morning.

Mr Greg Knight (East Yorkshire) (Con): Will my hon. Friend accept from me that Governments in the past have always taken the phrase to mean when the House is not in recess?

Mr Hollobone: My right hon. Friend, whose reputation precedes him in so many ways, sums it up neatly in a pithy turn of phrase, which I was unable to do myself.

Dr Julian Lewis (New Forest East) (Con): Does my hon. Friend agree that it is particularly important for this Government to abide by the conventions that he has described, given that both he and I, having served in previous Parliaments, can remember countless occasions when we and our fellow Members of the parliamentary Conservative party stood to make points of order to remonstrate about the fact that Labour Ministers had continually broken these conventions?

Mr Hollobone: I do agree, although I am desperately trying to make my speech as non-partisan as possible because I believe that both major parties are to blame: when they have been in government, they have not behaved as they should.

Thomas Docherty (Dunfermline and West Fife) (Lab): The hon. Gentleman refers to "both major parties", so perhaps he is not aware that some of the worst incidents in recent months have involved people such as the Secretary of State for Energy and Climate Change, whose statements have been tweeted to *The Guardian*.

Mr Hollobone: That is a helpful intervention—I shall refer my remarks to all three major parties, if that is better.

All Governments, whether this Government, the previous Government or the one before that, have leaked information, and that is not how our great House of Commons ought to be treated.

Mr Robert Syms (Poole) (Con): Can my hon. Friend name me any Government who have not leaked information to the press?

Mr Hollobone: No, I cannot. This increasingly has become standard practice, but it is fair to say that it has got worse over the past five, 10 or 15 years. I am sure, however, that it was prevalent before.

Today, we have a golden opportunity that is, in many ways, unique: for the first time, thanks to the Leader of the House and other Ministers of the Crown, we have the Backbench Business Committee, which has been able to bring this motion to the Floor of the House for resolution tonight. Although hon. Members in past decades will have been frustrated by how the Government of the day leaked information, this is the first time that the House has had the opportunity to do something about it.

Stephen Mosley (City of Chester) (Con): I might be slightly naive but although there may be incidents of Governments leaking information, there are probably an awful lot more incidents of information being leaked without Ministers' knowledge. We have to distinguish between deliberate leaking and the response to a leak that could be sensitive and might require a Minister to go to the press, on the radio or in front of the television cameras before making a statement to Parliament.

Mr Hollobone: My hon. Friend makes a good point but at the end of the day we have something called "ministerial responsibility" and the ministerial code.

Tonight's motion allows us to draw a line in the sand. I am not naive enough to believe that it will stop all Government leaking completely, but were we to pass the motion, it would be an effective weapon in the House's armoury against an over-mighty Executive. I want to praise the work of the Procedure Committee, led by my right hon. Friend the Member for East Yorkshire (Mr Knight), which, after our debate on 20 July 2010, worked extremely hard on this issue and produced an excellent report and a series of first-class recommendations. Every word in the motion comes from the recommendations in that excellent report.

I shall quote from the summary of the Committee's report—its first of the Session—which sums up the issue extremely well:

> "Parliament should be at the centre of national debate. Too often details of important government statements appear in the press before they are made to Parliament. Such leaks adversely affect the ability of Members of Parliament to scrutinise the Government on behalf of their constituents. At present, it is the Ministerial Code that sets out the requirement that important announcements be made to Parliament first. However, the Ministerial Code is enforced by the Prime Minister and not by Parliament. We do not believe that it is acceptable for the Government to regulate itself in this way. The House must be responsible for holding Ministers to account when they fail to honour their obligations to Parliament. We therefore propose that the House should have its own protocol which states that the most important government announcements must be made to Parliament before they are made elsewhere."

The Committee goes on to recommend:

> "Such a protocol must be enforced if it is to be effective. We recommend that complaints by Members that the protocol has been breached should be made to the Speaker. Where a case is not clear-cut, or when the alleged leak is particularly serious, the Speaker should be able to refer the matter to the Committee on Standards and Privileges for an in-depth investigation."

I agree with every word of the Procedure Committee's recommendations, which sum up the issue extremely well.

Mr Speaker, on your first election to your high office, you said that

> "when Ministers have key policy statements to make, the House must be the first to hear them, and they should not be released beforehand."—[*Official Report*, 24 June 2009; Vol. 494, c. 797.]

You could not, Sir, have been clearer. I commend you on the large number of urgent questions that you have accepted, tabled by Back Benchers and Front Benchers alike, holding the Government to account when they have not properly released information to this House first. However, it was your predecessor, Betty Boothroyd—Speaker Boothroyd, as she then was—who said in her farewell address:

> "This is the chief forum of the nation—today, tomorrow and, I hope, for ever."—[*Official Report*, 26 July 2000; Vol. 354, c. 1114.]

This is our chance to say: are we going to hold Her Majesty's Government to account for the principle, which they uphold in their own ministerial code, that it is this Chamber, where the elected representatives of the British people are gathered together, that should be the first place to hear of major new Government policy initiatives? Should it be "The Andrew Marr Show" on Sunday, the "Today" programme on Radio 4 in the morning or ITV's "Daybreak"; or should it be the Chamber of the House of Commons? Would it not be wonderful to see the Public Gallery full of journalists eagerly anticipating the Government's latest policy announcement, made here first, on the Floor of the House? Instead of which, under this coalition Government, the bad practices of the Blair Government and the Government before them are being increasingly enhanced, such that hon. Members are often the last to hear of new Government policy initiatives, not the first. When our constituents contact us to ask, "What's the Government initiative on this?", we are often the last to know, so we cannot respond.

However, it would also be an effective tool against the over-mighty arm of the Executive if the ordinary representatives of the people—not unelected and unaccountable journalists, hard working and well intentioned as they may be, but we the people gathered here in this tremendously prestigious place—were the first to have a go at putting questions to the Ministers of the Crown. We have the honour to represent our constituents. We can use this opportunity tonight, by passing this simple motion, to say to the Government: "Uphold your own ministerial code and let the people's representatives know first whenever any new major Government policy announcement is made."

4.33 pm

Chris Bryant (Rhondda) (Lab): I warmly commend the hon. Member for Kettering (Mr Hollobone) not only on the motion, but on the work that he has done on this issue since he was first elected. There are many others who count among the saints on these issues; there are also many who count among the non-saints. Contrary to what was said by the hon. Member for City of Chester (Stephen Mosley), who is sitting next to him, the truth of the matter is that, in practice, many Ministers, and in particular their special advisers and those organising "the grid" at No. 10 Downing street, spend a great deal of time deciding when it is best to announce something. If it is unremittingly good news, they do it in Parliament; if it is unremittingly bad news, they try to hide it in a written ministerial statement to Parliament; and if it is a bit streaky—a bit of good, a bit of bad—they will do it outside Parliament, before the House has sat, so that the difficult bits are forgotten and they can get away with the good briefing that they have organised.

Stephen Mosley: Is the hon. Gentleman speaking from experience?

Chris Bryant: I had thought that the hon. Gentleman would say that, but I must confess that when I was a Minister, I was never in charge of anything that was interesting enough for anyone to make any announcements about it. I suspect that even if I had wanted to make an announcement, I should have been in difficulty.

The Parliamentary Secretary, Office of the Leader of the House of Commons (Mr David Heath): The hon. Gentleman was Minister for Europe.

Chris Bryant: That is true, and the Europe directorate of the Foreign Office is punctilious in ensuring that announcements are made to the European Scrutiny Committee first. Indeed, many matters go to the Committee with several months of warning before they become public anywhere else in Europe, and I think that is right. However, when I was Deputy Leader of the House I tried my level best, as did many others in Government, to make sure that we adopted such a process.

Dr Julian Lewis *rose—*

Chris Bryant: I hope that the hon. Member for New Forest East (Dr Lewis) agrees with that.

Dr Lewis: I certainly do. I should have thought that most people would feel that the later any news about Europe was released, the better. However, what I want to ask the hon. Gentleman is this: what does he think that the newspapers offer Ministers as a reward for letting them have the news early?

Chris Bryant: Oh, Lord! I think that I have spoken enough about newspapers in the last year not to opine on that now, but obviously the aim is to manage the news in such a way as to ensure that there is as little scrutiny as possible. However, I can say on the basis of my limited experience as a Minister that on the few occasions when we did make statements to the House, the quality of questioning in the Chamber—which was sometimes haphazard, but was often extremely to the point—improved the quality of decisions and the way in which they were eventually transacted, and I therefore do not believe that Governments have any reason to run away from this proposal.

I think that the position has worsened in recent years with the advent of 24-hour news. There is an insatiable beast that needs to be fed all the time, and extra diligence is required on the part of Ministers and Government to ensure that they do not succumb to it.

The hon. Member for West Worcestershire (Harriett Baldwin) asked what was meant by the House being in session, but the truth is that nearly every decision made by Government is not time-sensitive. Most decisions can be made at any time, and it is therefore always possible for Ministers to wait until Parliament is in session. When I was Deputy Leader of the House, one of the things that I tried hard to curtail was the number of written ministerial statements made on the last day before a parliamentary recess, because a large number of such statements makes it virtually impossible for you, Mr Speaker, to intervene by allowing an urgent question, or for the House to allow any proper scrutiny before Parliament sits again.

Mr David Nuttall (Bury North) (Con): Might not one reason for the apparent increase in the number of Ministers who breach the code in recent years be the fact that Ministers see that there is no real sanction?

Chris Bryant: On the whole, if there is impunity, people tend to continue the criminality.

Harriett Baldwin: Is not another problem the fact that our sittings start so late on Mondays and Tuesdays? Does the hon. Gentleman agree that we should review our sitting times?

Chris Bryant: I was so desirous of a moment when I could agree 100% with the hon. Lady, and now she has produced that moment. Yes, I do agree with her: I think that is an essential part of what we need to do. I noted that our sitting last Tuesday, the day of the autumn statement, began in the morning rather than the afternoon. I suspect that that was largely so that the media could be given more time in which to prepare material for the 6 pm and 10 pm news broadcasts.

Several hon. Members *rose—*

Chris Bryant: Half the Members on the Government Benches are trying to intervene.

Sir Peter Bottomley (Worthing West) (Con): The hon. Gentleman clearly supports the motion. May I raise a slightly tricky issue? The Speaker has a role in what happens in the House. Are we in danger of putting him in charge of what people say outside the House unnecessarily, and does that pose the risk of his being not tempted to become, but drawn by his job into becoming, more of a player and less of a referee?

Chris Bryant: I think that the motion raises a bigger issue relating to you, Mr Speaker, but I shall deal with that later if I may.

Sir Paul Beresford (Mole Valley) (Con): The hon. Gentleman said that announcements were not time-sensitive, but they may be time-appropriate; in fact they may be regionally appropriate. I am thinking of local government announcements. It would be much more appropriate to make those at a certain time, and outside the House.

Chris Bryant: I think that those occasions are very rare. On very rare occasions, something is market-sensitive, for example, in which case there is an argument for Treasury Ministers to be able to exercise that judgment, but it is a rare occurrence. Labour Members are always mindful of Hugh Dalton, when he was Chancellor of the Exchequer, managing, before the *Evening Standard* came out, to leak a couple of elements of the Budget, although not deliberately—I think it was accidental. He ended up losing his job as Chancellor of the Exchequer because of that. Therefore, I do not want to create a rule for Ministers whereby, when they think that an announcement is time-appropriate, they can use whatever device they want.

Mr James Gray (North Wiltshire) (Con): I was reflecting on the hon. Gentleman's exchange with my hon. Friend the Member for West Worcestershire (Harriett Baldwin) about whether, if the House sat earlier on a Monday and Tuesday, that would reduce the incidence of Ministers leaking information. Does he believe that, when the House sat earlier for the autumn statement last week, that meant that the statement was entirely unknown before the Chancellor stood up?

Chris Bryant: The only response to that is, "Touché." By definition, the hon. Gentleman is saying, and I wholeheartedly agree, that large parts of that autumn statement were pre-leaked over the weekend. Although I have my criticisms of what went on when we were in power, may I point out to hon. Members that the last Queen's Speech was leaked? I do not think that that has ever happened before. Although you, Mr Speaker, investigated what happened—you can investigate what happens here—the Prime Minister, as far as I am aware, made no investigation into how that happened. That is a gross discourtesy to the House. In addition, figures from last year's Budget were leaked. There is a danger that people have learned the lessons of our Government in the wrong way and are now exercising their powers incorrectly.

Sir Alan Beith (Berwick-upon-Tweed) (LD): In this particular respect, I think that the hon. Gentleman is doing a disservice to the Government of whom he was a member. They decided, under a previous Prime Minister, to make it known what the Government's main legislative intentions were much earlier than is traditional with the Queen's speech, which was a welcome change.

Chris Bryant: Indeed we had a draft legislative programme, which we brought forward six months before the Queen's speech, but that was presented to Parliament. It was not issued in a press release to the regional media or briefed to Andrew Marr. That is the process that we should adopt.

I want to raise one concern in relation to the motion. It says that, where a Member feels that the code has been broken—the ministerial code, which is written into a motion of the House as well; it is not just the Prime Minister's ministerial code—the Member should report that to the Speaker, who would make a judgment and could then refer the matter to the Committee on Standards and Privileges. That is not the process that we have for other standards and privileges issues, or matters of privilege. At the moment, we write to you, Mr Speaker, and you decide whether we can have a debate on the matter. At the end of that, either it is decided to refer the matter without a Division, or there is a Division, so it becomes the decision of the House to refer the matter to the Committee on Standards and Privileges; it is not your decision, Mr Speaker. There is a double anxiety here. The proposed process would bring you into deciding whether a Minister should be referred. That process of referral would probably mean that the Minister had to lose his job at that point, such would be the clamour among the press and so on. Equally, if you were to bring the matter to the House, the almost inevitable conclusion, given that Ministers by definition always enjoy a majority in the House, is that the matter would never be referred to the Committee on Standards and Privileges.

Christopher Pincher (Tamworth) (Con): Does the hon. Gentleman agree that protocols introduced for the best possible motives can be taken over and run as political vehicles for the worst possible motives? Not only might Mr Speaker be dragged into a political argument but, heaven forfend, he might be deluged with requests to investigate breaches, which would become just another part of parliamentary graffiti.

Chris Bryant: The hon. Gentleman has reiterated my point.

I do not want impunity for Ministers, as that would enable the current situation to continue for ever and a day, and get worse. Scrutiny improves ministerial decisions and government so we must put an end to the current

process of impunity. However, I do not want to bring Mr Speaker into the decision-making process. That is why I support the motion.

The motion will not in itself make the required change, however. The Government would have to introduce a motion to change standing orders to bring that change into effect. I hope that in doing so we would arrive at a policy that rendered Government accountable to Parliament and unable to exercise the impunity they have at present without bringing you, Mr Speaker, directly into play.

4.45 pm

Mr Greg Knight (East Yorkshire) (Con): I am delighted to follow the hon. Member for Rhondda (Chris Bryant), who made a number of excellent points. However, it is unfortunate that, in effect, only one Opposition Back Bencher is present for the debate—two if we count the hon. Gentleman, who today is a quasi-Back Bencher.

Mr Kevin Barron (Rother Valley) (Lab): There are three of us, in fact.

Mr Knight: I see that the right hon. Member for Rother Valley (Mr Barron) is sitting in the far corner of the Chamber. On Thursday he told me he did not think he could be present for the debate. Perhaps that was why I did not notice him, but I am delighted that he is in his place for this important debate.

As has been said, the Procedure Committee was asked to undertake an inquiry by the House, which unanimously agreed to a motion inviting the Committee to develop a protocol for the release of information by Ministers. This was the first debate scheduled by the Backbench Business Committee last year.

As my hon. Friend the Member for Kettering (Mr Hollobone) has pointed out, the current position is that the ministerial code sets out the "general principle" governing the release of information by Ministers. It states:

"When Parliament is in session"—

as I said in an intervention, that is widely taken to mean when Parliament is not in recess—

"the most important announcements of Government policy should be made in the first instance in Parliament."

The Procedure Committee published its report earlier this year. It set out three principles underpinning its recommendations: that statements were valued by Back Benchers and that Ministers should be encouraged to make them; that important Government announcements should, indeed, be made to Parliament before they are made elsewhere; and that it is a grave discourtesy to Parliament for information to be released before a statement is made.

The Procedure Committee decided without division that it was neither practical nor desirable to produce a detailed protocol, and recommended that the House agree the following resolution:

"That this House expects Ministers to make all important announcements relating to government policy to Parliament before they are made elsewhere on all occasions when Parliament is sitting, and expects information which forms all or part of such announcements not to be released to the press before such a statement is made to Parliament."

The Government responded, agreeing with the Committee that a detailed protocol would not be a good idea, but rejecting the solution proposed by the Committee and instead favouring the status quo.

On enforcement, the Procedure Committee recommended that complaints should be made to the Speaker in the first instance, and that the Speaker should have the power to dismiss trivial complaints and complaints made without basis. The Speaker could rule in cases where a minor breach had occurred. One might envisage a case where the Speaker receives a complaint and deems it to be a minor breach, and decides to allow an urgent question in the light of that complaint. The Procedure Committee did not envisage the Speaker rapping knuckles in all circumstances. There may well be cases where the granting of an urgent question is deemed sufficient. We also took the view that more serious cases should be referred by the Speaker to the Standards and Privileges Committee.

In their response, the Government did not even acknowledge our recommendations relating to the role of the Speaker, but they rejected our recommendation that complaints be referred to the Standards and Privileges Committee and maintained that the current range of sanctions was "adequate". In our earlier debate, a number of Members, in particular the hon. Member for Bassetlaw (John Mann), who is not in his place, discussed what sort of sanctions should be available, over and above what happens now. The Procedure Committee concluded that a recommendation from a Committee of the House that a Minister do come to this House and apologise was a sufficiently serious sanction, and that no new sanctions were required. The Government's response to that was that our Committee's recommendations were disproportionately severe, which I find a little odd.

I have looked at the Government's response in detail, and in my view it is highly unsatisfactory. As I have said, the Government agree with the Procedure Committee that it would not be "practical or desirable" to have a "detailed protocol" trying to cover all eventualities, but they said that they did not support the Committee's approach that the House should agree a motion in terms very similar to the current position as outlined in the ministerial code. The Government stated:

"It is not clear...what purpose would be served"

by such a motion, in which the current position is simply restated.

The Government had clearly failed to recognise the significance, although it was explained clearly in our report, which was that the House would be taking control of the protocol away from the Government. We are not envisaging setting up double jeopardy; we are saying that it should be the House that should decide—via the process of a complaint going to the Speaker and then, if necessary, to a Committee—whether the protocol had been breached, and not an obviously partial and forgiving Prime Minister, who is currently the arbiter. In saying that, I make no criticism of my right hon. Friend the Prime Minister, because the natural instinct of any Prime Minister will be to want to defend his or her Ministers—after all, the Prime Minister of the day appoints all Ministers in the first place.

Chris Bryant: It would sometimes be somewhat hypocritical if a Prime Minister were to complain about a Minister briefing, because often it is Downing street that briefs the policy change, rather than the Minister, doing so with the full knowledge and understanding of the whole ministerial team.

Mr Knight: That is a very good intervention and the hon. Gentleman underlines my point.

[Mr Knight]

The Government response went on to suggest that an increase in the number of statements made and urgent questions granted means that

"there is no case for the protocol that the Committee proposes."

I am not clear what the logic is in that response.

On enforcing the protocol, the Government repeated the assertion made in the oral and written evidence that the Procedure Committee received that the House already has a sufficient range of options to deal with cases in which statements are made outside Parliament first. The Government's response went on to suggest that the involvement of the Standards and Privileges Committee would risk dragging that Committee into party political disputes, which they say would undermine

"the integrity of its role."

That response does not acknowledge your role, Mr Speaker, as envisaged by the Procedure Committee, in acting as a "gatekeeper" against frivolous complaints. Under the system that we proposed, any complaint that was a mere cover for a party political row or dispute would be dealt with by you and, in my view, would never reach the Standards and Privileges Committee, which would be asked to determine only serious or complex breaches of the rules

Mr Edward Leigh (Gainsborough) (Con): It is said that this procedure might drag the Speaker into politics, but surely there is one way the Government can ensure that that does not happen, and that is to behave in future.

Mr Knight: I agree, and I must say that we are used to Mr Speaker telling us when we are out of line, so it seems to me to be a natural extension of the role of the Chair to act as gatekeeper in this process.

Sir Paul Beresford: Of course, the opposite point is that the complainant might be being political.

Mr Knight: The complainant might indeed be being political, but if a complaint was made with no grounds, in fact I would expect Mr Speaker to block it. I do not know whether my hon. Friend was suggesting that there would be a difficulty in the process, but I do not particularly think that there would. I have every confidence that the occupant of the Chair—whoever it was—would see that justice was done.

The Government made some issue of the fact that the Procedure Committee did not receive any formal evidence from the Parliamentary Commissioner for Standards on this proposal. I am rather baffled by that comment, because the Procedure Committee's report does not suggest that the Parliamentary Commissioner for Standards has any role in the process, so it is not clear why the Government think that we should have received evidence from him.

The Government said that they do not accept the Committee's recommendation that the penalty for a breach of House protocol would be a recommendation from the Standards and Privileges Committee that the Minister concerned should apologise to the House. Instead, the Government note that there is no evidence that there is a significant problem with Ministers refusing to apologise to the House when a breach occurs. However, that rather misses the point, which is that the Standards and Privileges Committee would have no need to use its powers if there was no problem to be dealt with. If a Minister had already apologised, there would be no need to go there.

It is perhaps also worth reminding those on the Treasury Bench that the Government have repeatedly expressed support for their own protocol and that the Government are saying that they agree with the majority of Members of this House that the House should be told first when there is an announcement of Government policy. It seems to me, therefore, that the serious leaks that occurred last week should also be deplored by those on the Treasury Bench. I hope that the Leader of the House, when he comes to address us, will add his voice to those that have already placed on record a number of concerns about the leaking of large parts of the autumn statement. Many Members wonder why the Chancellor has not apologised.

Dr Sarah Wollaston (Totnes) (Con): My right hon. Friend referred earlier to the discourtesy of leaking to the press, but does he agree that these leaks involve a discourtesy in that they might be given to some hon. Members before others, placing some Members at a disadvantage?

Mr Knight: I do indeed, and I believe that that happened last week. For example, the BBC television news in Humberside had the Chancellor's announcement on the plan to reduce the tolls on the Humber bridge pretty much word for word and ran it 24 hours before the House was told. It seemed rather strange to me that a couple of hon. Members who happened to have seats near the Humber bridge were available on the bridge itself to do media interviews when the leak occurred.

If the Government do not believe what they say about Parliament being told first and want to leak or announce policies or decisions to the press first, they should come out in the open and say so and they should change their ministerial code.

I now turn to the motion before us. Although I think we are all grateful to my hon. Friend the Member for Kettering for bringing this matter before us today, I must say that I would have preferred it had he consulted the Procedure Committee before he settled on the wording of the motion. I understand that the right hon. Member for Rother Valley, to whom I have spoken about this matter and who chairs the Standards and Privileges Committee, was also not consulted on the terms of the motion before it was tabled or the timing. That is unfortunate. I do not want to tell the right hon. Gentleman, who does his own job perfectly well without any intervention from me, what he might or might not want to do, but he might have wanted to take the matter to his Committee and to have shown it the scope of the draft motion before it was brought to the House.

It is a pity that neither of the two Committees that the House has asked to consider these matters was consulted by the signatories to the motion. That is important because we have not yet debated the Procedure Committee's report in the House, but the motion addresses only some of the issues raised by the Committee in its report on ministerial statements and ignores others. It is

a cherry-picking motion and its scope has been determined without any reference to those who have responsibility for looking into this matter, having been asked to do so by the House.

The motion ignores the Procedure Committee's recommendations on urgent questions and written statements. For example, we believe there are some occasions on which written statements should be open to oral scrutiny. The motion is therefore unsatisfactory and its timing, coming as it does without that consultation having taken place, is unfortunate. I do believe that action on this issue is necessary, as Governments of both political persuasions have been prepared regularly to flout the ministerial code when it suits them by leaking news to the press. However, I also believe that the way this matter has been brought forward today is unfortunate. Rather like the leaks themselves, it is no way to do business.

Several hon. Members *rose—*

Mr Deputy Speaker (Mr Nigel Evans): Is Mr Kevin Barron not standing?

Mr Barron *indicated dissent.*

Mr Deputy Speaker: Then I call Robert Syms.

5.1 pm

Mr Robert Syms (Poole) (Con): I welcome the chance to debate this issue today because it is important sometimes to debate first principles about what we are for and what we ought to get up to in the House. My hon. Friend the Member for Kettering (Mr Hollobone) criticised the Government for behaving in the same old, bad old ways, but of course this debate would not have occurred under the previous Government or in any of the previous 13 years I have been here. The Government have made reforms and have been rather more open-minded about how the House has proceeded than their predecessors.

My criticism of my hon. Friend is that he is harping back to a mythical golden age when all decisions were made in this House and everyone outside waited for the House to hear a statement. The reality, certainly in my time in the House, is that that has never been the case. It was not the case under Mrs Thatcher or in the 1950s when many Governments—Macmillan's and others—had Information Ministers in their Cabinets. It certainly was not the case when Winston Churchill, one of our greatest Prime Ministers and a great parliamentarian, was running a Government in very difficult circumstances. He had a lot of mates in the press and things were leaked to them. Neither was it the case when Neville Chamberlain arrived at the airport with his piece of paper. He did not say, "I've got to nip back to the Commons and make a statement." He said, "Peace in our time." So let us be clear about this—nothing much has changed in the way that Governments have done business ever since the emergence of the popular press.

Mr Gray: I am disappointed that my hon. Friend has become some kind of apologist for Ministers who leak things. He might be right to say that it has always happened, although I think the pace has accelerated very sharply in recent years. The purpose of this debate is to discuss not whether this has happened but whether it should happen. Surely what we are saying is, "No, it should not happen. Things should be announced in this House first and Ministers should not go to the media and announce things there first."

Mr Syms: I think we have to live in the real world—a world with 24-hour news. We know that when Governments consult on policies, some of those who do not like those policies decide deliberately to leak information, and Government Ministers are then sometimes called into studios to defend or explain their position. If we have a protocol within the House that makes it difficult for Ministers to explain what the Government's position is, a lot of our constituents will be worried unnecessarily because, to coin a phrase, a lie can be halfway around the world before the truth gets its boots on. That quite often happens with people maliciously trying to misrepresent Government policy.

Sir Paul Beresford: I was tempted to rise because the previous intervention was made by an hon. Friend who was a political adviser to me when I was a local government Minister. He assisted us in deciding whether it was appropriate, with regional issues, to make announcements in the areas to which they related rather than in the House of Commons.

Mr Syms: We have to look at the situation realistically. When the Prime Minister goes to the EU to negotiate with other leaders, at the end of that negotiation he stands on a platform next to the Union Jack and the EU flag and announces what has been discussed, what we have agreed with and what we have disagreed with. He sets out how he has been batting for Britain. What we are now saying is that whereas Merkel, Sarkozy or any of the other leaders can put the best face on their negotiation, the British Prime Minister will not be able to do so because he will have to come back here to make a statement, which he does anyway.

Dr Wollaston: Clearly, in that instance, Members of this House hear the statement at the same time as members of the press. If leaks are going to take place, which my hon. Friend is justifying, should they also be to Members at the same time?

Mr Syms: We all watch the news. I suspect that the vast majority of us are addicts of the 24-hour news channels. I keep being criticised by my wife for switching from channel to channel watching what is on the news, on Bloomberg, on ITV and on Sky. We all watch what goes on. Other Government leaders can stand up and announce what they have negotiated, but we are saying to our Prime Minister, "You can't do that. You've got to whiz back here and give a statement."

Let me give another example. We have a eurozone crisis. The markets are moving faster than the Governments and the political leaders. What happens when there is a eurozone crisis at the end of business on a non-sitting Friday, and the Chancellor has to make a statement before the markets open on Monday, which is a sitting day? Does he sit in the Chamber till 3.30 pm before he sets out what the Government are going to do, or does he make a statement setting out the Government's emergency plans before the markets open in Europe

[Mr Syms]

and in the UK? If we think it is more important for him to speak to the House, he shuts up and people get plastered in the markets.

The reality is that we want Ministers in whom we have confidence and who speak for the majority of the people in the House. They have to command a majority. The Chancellor would have to come here eventually to answer questions about why he had conducted business in a particular way, but modern markets and modern international negotiation sometimes mean that Ministers make statements in press conferences and for the TV, rather than in the House.

Jonathan Ashworth (Leicester South) (Lab): I have some sympathy with the argument that the hon. Gentleman is making. It is right that we should be realistic about what announcements can be made and when they should be made, but does he accept that the amount of the autumn statement that was leaked was extraordinary? Does he think that is justified?

Mr Syms: Certainly, I found that shocking. I have sat in the House since 1997 and I have to say that the present Government leak a lot less than previous Governments in that time, but it does happen. We have to understand that.

Ministers should make more effort. My right hon. Friend the Member for East Yorkshire (Mr Knight), the Chairman of the Procedure Committee, said that we want the Government to make a special effort to come to the House when they can. My point is that in the modern world, with 24-hour news, it is not always possible for them to do that.

Mr Gray: I am extremely puzzled by my hon. Friend's speech. He said a moment ago that Ministers should come here when they can. His position is a great deal more extreme than that of the Government. The Government have said that Ministers will always come here and will always make important statements here. My hon. Friend seems to be suggesting that they should sometimes decide not to do so. I am afraid he is probably on his own in the House today.

Mr Syms: My view is perfectly clear. It is not always possible for Ministers to get here. If something happened today in the markets, I would expect Treasury Ministers to make their best efforts to come here, as we are sitting, and talk to us, but that is not always possible.

Dr Julian Lewis: I am an exact contemporary of my hon. Friend and it seems to me that, comparing what happened under the previous Government and what happens under this Government, he is absolutely right about the quantity of leaking, which was enormous under the previous Government. The trouble is that the leaking under the present Government is getting more and more specific. I remember, when I complained about leaks by the previous Government, one of the Deputy Speakers saying to me, "Well, it could have been a case of intelligent anticipation by the media of what the Government and the Minister were going to say." With the sort of leaking that is going on now, there is no question of that. It is straightforward, direct and specific. The logical conclusion of what my hon. Friend is saying is that we should tear up the ministerial code. If he thinks that is the case, he ought to advocate that.

Mr Syms: I am not advocating that at all. All I am saying is that sometimes in the real world briefings are needed to set out the context and background of Government policy, because there are many complex political problems, for example in relation to the financial markets or pensions, in relation to which journalists want to know where the Government are coming from. Sometimes journalists speculate or, as we all know, make things up. I know most of my right hon. and hon. Friends on the Treasury Bench, and I know that they do their best to keep the House informed. The House must keep on its toes to ensure that Ministers keep to the ministerial code where they can when they come here, but that is not always possible. I am against having a set protocol, which I do not think would work for the reasons I have set out.

Pat Glass (North West Durham) (Lab): I understand the practicalities of what the hon. Gentleman is saying, but it appears to me, as a relatively new Member, that the vast majority of leaks to the press are on matters that are not desperate, will not cause problems in our markets and about which it would be quite reasonable to expect Ministers to speak to the House first.

Mr Syms: Ministers might listen to this debate and improve their conduct in front of the House, but it is easy to criticise their behaviour and bring in a protocol that will make life a lot more difficult for Ministers who are batting for Britain and doing their best in difficult circumstances. We live in a very unsafe and unsure world. Our Prime Minister and others are going to negotiate in Brussels, and our Treasury Ministers are doing their best to keep Britain out of the storm caused by the eurozone. Parliament ought to accept that they are doing their best for Britain and give them more backing.

5.11 pm

John Hemming (Birmingham, Yardley) (LD): I sit on the Procedure Committee and the Backbench Business Committee, so I have looked at this issue for some time. It is a question of the separation of the estates of the constitution. Previously, if an hon. Member's written question was not answered, their best option was to make a freedom of information request. That was changed in the previous Parliament, and there is now a process for investigating why written questions are not answered by Ministers. We now have a system whereby, in the interests of improving governance and scrutiny and ensuring that what is done for this country is in its best interests, new Government policy on substantial issues is, as a general principle, announced first to the House.

The motion does not try to produce a detailed protocol. In the previous Parliament, a written statement would be made on, for example, the banking crisis, a regulatory news announcement would be made in the morning and an oral statement would be made during the day. That achieved a process of accountability—the Regulatory News Service was used so that all the financial market matters were dealt with and an oral statement was

made, enabling Members to hold Ministers to account—and I do not think that anyone would say that there was anything wrong with it.

In deciding whether to support the motion, we must ask whether we should leave things as they stand so that, if Ministers take no notice of the ministerial code and make no effort to ensure that information is given first to Parliament and there is no investigation—a point of order can be raised but nothing further happens—or whether we should we have a process whereby we will not tolerate Ministers doing that. I accept that the Government do not like it because it is inconvenient for them, in the same way as answering questions can be, but in the long term, for the Government parties to be re-elected, we need good government, meaning we—

Mr Deputy Speaker (Mr Nigel Evans): Order. The hon. Gentleman appears to be crossing the Floor. I would be extremely grateful if he clarified his position.

John Hemming: I apologise for my foot fault, Mr Deputy Speaker. I must apologise for my foot faults on previous occasions, which were not raised with me. I am sorry, but I was unaware that I was breaking protocol, and without being corrected I did not know that I needed to stand a sufficient distance to be two sword lengths from the other side and to toe the line, which I am now doing. That makes my point, because the motion simply states that Ministers should toe the line, which is why hon. Members should back it.

5.14 pm

Sir Paul Beresford (Mole Valley) (Con): I am not the only member of the Standards and Privileges Committee present, but I am probably the only one who is going to speak—and I note a nod from the Chairman, the right hon. Member for Rother Valley (Mr Barron), sitting on the Opposition Benches. I am not going to speak for the Committee, however, because quite simply it has not looked at the proposal at all, or responded to it, but it should, if we proceed any further with the suggestion—or with a report, because after this discussion it might be more appropriate for the Procedure Committee to take the matter back, look at it again and decide whether to change its approach or to submit the issue to the Standards and Privileges Committee.

As a former Minister, I remember the requirements of the ministerial code hanging over me like a heavy weight if I thought I was ever going to step out of line, and also—taking the advice of my hon. Friend the Member for Poole (Mr Syms), who is no longer in his place—decisions on whether it was appropriate. Many such statements are a matter of judgment, and one has to recognise that there are a vast number of statements.

Many statements relate to timing, to regions or, from my experience, to local authorities, and, if a local authority is awaiting a statement, it is appropriate to make it in that area. The thought of what would happen to the House if we were gummed up with every single statement coming out of the Department for Communities and Local Government alone is beyond the imagination.

There are leaks, but one only has to consider a Minister being stuck with a journalist, particularly one from TV or radio, who has come forward with either a leak or an educated—or an uneducated—guess and a question to which the Minister needs to respond to see how someone with a political motivation might take it as a statement that should have been made in the House, even though it might in fact be made in the House later.

It is quite inappropriate not to recognise those difficulties, but, if we follow the Procedure Committee's suggestion, we will be hitting with a heavy sledgehammer what is generally—albeit with exceptions—a very small nut. My own experience, which is from some time back, was that there was little or no leaking. I do not remember any, but perhaps my memory is slipping.

If such a complaint were sent, through the normal procedures, to the Standards and Privileges Committee, it would first go to the Parliamentary Commissioner for Standards, who is an official of the House. He would consider whether it was appropriate to investigate, but many such complaints would verge on the political, because the decision on the appropriateness of a statement made outside the House, whether substantial or not, is subjective and made by a Minister, with a measure of political judgment, be that with a small or large "p". So, in effect, the motion asks for an officer of the House, the commissioner, to make a decision on a political issue, which I think would be absolutely inappropriate, as I believe and suspect the commissioner, from my discussions with him on other things, would, too.

Essentially, the Committee looks into complaints that Members have brought the House into disrepute. Decisions, including the Committee's, are non-political, and the commissioner's report is non-political. Most complaints fall by the wayside, because many sent to the commissioner—on the way to the Standards and Privileges Committee, if they ever get there—are political, are made by the public and are, quite often, from individuals who have been defeated in an election in a constituency. It is a well known technique, but fortunately it does not progress too far, because many such complaints are political, as many would be on the issue before us.

Ministers have to make a decision on a statement, but, with such rules hanging over a Minister, many statements would not be made outside the House when they should be; they would end up in the Chamber and, as I have already said, clog up the business. *[Interruption.]* There was an interjection, and, if the hon. Member for Rhondda (Chris Bryant) would like to stand up and interject, I might be able to respond, because I am hard of hearing and did not catch it.

Chris Bryant: That argument takes us to the point where we might as well do away with parliamentary government and just have government.

Sir Paul Beresford: The hon. Gentleman knows that I, of all people, would not follow that tendency of the previous Government. I absolutely disagree with him, and today's examples, whether from this Government, the previous Government or the one before, have been of substantial leakages on substantial statements. The majority are not substantial, and we will clog up the business if we bring through all the minor statements, especially the regional or local ones.

We must also remember that we are, in effect, asking the Speaker, who must be non-political, to make a judgment on what will often be a political complaint.

[Sir Paul Beresford]

The hon. Member for Rhondda (Chris Bryant) was correct to say that it would be inappropriate for it to be referred to the Speaker.

This debate will be helpful for the Standards and Privileges Committee if the matter is brought before it. However, the debate is being held too soon, because the matter will need to go before the Committee if the Procedure Committee decides, in the light of what is said, to go ahead with this technique. The Standards and Privileges Committee will have the opportunity to look at the whole issue again—I hope that it does—to think again, and possibly to look for another procedure to move forward with in the light of the comments that are made today.

5.20 pm

Gavin Williamson (South Staffordshire) (Con): On reading the motion, my initial instinct was to support it, as it seemed intrinsically to be a good idea. However, it has some weaknesses and there are practical issues that we have to consider.

I do not believe that any Minister would ever dream of acting in a dishonourable way by leaking information prior to coming to this House. However, these things can occasionally happen, perhaps through a casual conversation that has been picked up by a journalist and reported at a later stage. More fundamentally, there is the greater issue of the definition of what is important. In my constituency, something that is important to someone in Halfpenny Green, for example, may not be as important to someone in Codsall, Bobbington, Kinver, Featherstone, or many other places. I could come up with a large number of places where it is not as important as it might be in Halfpenny Green. What is the definition of "importance"?

Chris Bryant: I think that the hon. Gentleman used a great deal of irony at the beginning of his speech. I have always thought it would be good if *Hansard* could put comments in italics if they are made ironically. I am sure that he would agree that the Queen's Speech and the Budget are equally of interest to his constituents in each of the different villages that he mentioned, as in those in my constituency. It is not all that difficult to spot what counts as an important issue.

Gavin Williamson: The hon. Gentleman makes a valid point. Yes, there are issues of great importance, such as the Queen's Speech, Budget statements or the autumn statement. It would be nice if no details ever got out into the media before they got to this House, but the danger is that this motion could sweep up much more.

Karen Bradley (Staffordshire Moorlands) (Con): A post-election Queen's Speech is presumably based on the winning party's manifesto, and it would be difficult for that not to be announced in public and announced only in Parliament.

Gavin Williamson: Indeed; my hon. Friend makes a valid point. The coalition agreement set out many aspects of what this Government would be bringing forward in the Queen's Speech and enacting into law. The key is that this is not necessarily about those issues but about the smaller announcements that are often made in this House. What is important and what is not?

Mr Nuttall: The Procedure Committee report makes it clear that if a complaint is made by a Member to the Speaker, the Speaker would have the power to dismiss trivial complaints.

Gavin Williamson: It would be marvellous if this debate were purely about the Procedure Committee's report, but it is not—it is about the motion.

Michael Ellis (Northampton North) (Con): Is my hon. Friend concerned that people may deliberately make frivolous or vexatious complaints, even if they have no prospect of being upheld by the Speaker, with a view to establishing negative press stories about the Minister involved?

Gavin Williamson: My hon. Friend will be incredibly shocked to hear that there are people in this House who act for political motives and who go about trying to damage right hon. and hon. Members on the Treasury Bench who are trying to deliver the business of the Government. He hits the nail on the head: there would be an awful lot of such complaints, and that is not what we want.

It may be a shock to you, Mr Deputy Speaker but I guarantee that every Member who sits on the Government Front Bench lives in fear of angering or annoying you, and of the displeasure that you might feel towards them, let alone the displeasure that Mr Speaker might feel towards them. I have seen members of the Government quake at the thought that they might be dressed down by the Chair. I cannot think of any greater sanction than that. That is a cast-iron certainty.

What is proposed in the motion does not recognise the realities of today. Often, information has to come out before a statement gets to the Floor of the House because the House does not sit in the early morning. That might be true of a financial statement, world events or wars in different parts of the world. The Government have to respond.

It is vital that Ministers are always duty bound to come to the Floor of the House to respond to such events as quickly as possible. That is why I am so proud of this Government. They have made it clear that it is a top priority for Ministers to be in this House. The relevance of this House is much greater today than it was under the previous Government. One of the first great parliamentary occasions after the Queen's Speech was when the Prime Minister came to this House to report back on the Bloody Sunday inquiry. It was a moving moment, I think we would all agree, and a moment when the House was united. The Prime Minister summed up the feelings and emotions of this House wonderfully. This Government have made sure that this House matters. The Prime Minister has made more statements to this House than any Prime Minister since 1979, when the great lady, Baroness Thatcher, first came to power. How can we doubt that this Government are putting the right foot forward when they are following in such great footsteps as those of the great lady?

We never need to doubt that it is this Government's intention to deliver great parliamentary scrutiny and great parliamentary involvement in the decisions of the nation. That is what the Government are doing today and it is what they shall do tomorrow. We do not need this motion. That is why I urge all colleagues to vote against it.

5.27 pm

Jacob Rees-Mogg (North East Somerset) (Con): This debate is the continuation of a debate that has gone on for centuries in another form. In the 18th century, the line was that the influence of the Crown had increased, was increasing and ought to be diminished. It is the perpetual, almost the eternal, job of this House to try to keep the Executive, Her Majesty's Government, under check.

There is a wonderful picture in this House of the Commons trying to persuade Elizabeth I to marry. Elizabeth I said clearly, "It is not your business to talk about it." Governments always wish to do that. They wish to maintain information for themselves, to use at their convenience. As a former Lord High Chancellor said, "Knowledge is power". Governments preserve knowledge carefully. That is not an unreasonable thing for the Government to do from their point of view. However, the ministerial code, as we heard from my hon. Friend the Member for Kettering (Mr Hollobone), says otherwise. It is a splendid document, because its foreword shows the ambition of Her Majesty's Government and the Prime Minister to restore people's trust in politics:

"It is our duty to restore their trust. It is not enough simply to make a difference. We must be different."

I discovered, thanks to listening to "Yesterday in Parliament", that the previous Government leaked the whole time. Or perhaps, to go back to "Yes Minister", the approach was "I brief, you leak, he breaks the Official Secrets Act". There has been a change, and this Government have got rather better at putting Parliament first, coming to the Chamber and telling us what is going on rather than gratuitously leaking every little titbit of information that is available. They have therefore done something to move towards the ministerial code.

However, the ministerial code is a most unsatisfactory document. Although it runs, I think, to some 30 pages, the truth is that Ministers abide by the code as long as they maintain the confidence of the Prime Minister and, as shown by newspapers and other media outlets, of the British people. Those 30 pages are quite a lot of waffle around that main theme, whereas a resolution of the House is something substantial, solid and dignified. It seems to me that things that go on in this House ought to be regulated by the House of Commons, not by the ministerial code.

It is worth bearing in mind that one Deputy Prime Minister could punch an elector on the nose and still not be deemed to have broken the ministerial code in any way. I know that it was secret at that point whereas it is now a public document, but it seems to me that it is flexible in its interpretation. The fundamental point, as I said, is that Ministers must maintain the confidence of the Crown and of Her Majesty, as advised by her Prime Minister. Indeed, the code states that the Prime Minister is foremost within its application and is the judge and jury of it.

That brings us back to the motion, to how we should deal with statements that are leaked and to why statements should not be leaked. That is the rather important question that we have perhaps neglected slightly. With some honourable exceptions, everyone broadly feels that statements ought to be made to the House first, but why? Why does it matter that we hear things before the *News of the World*, as was, or Sky News or the BBC? The reason is that control of the news agenda gives the Government an extra advantage over the Opposition, over their critics and over those who wish to hold them to account, which they would not be able to afford themselves. That advantage is paid for by public money.

The Government are indivisible but have two parts and two hats. They are party political on the one hand, yet they are the impartial Administration of the nation's affairs on the other. The Labour party has perhaps two dozen press officers sitting in its current headquarters, but the Government can have two dozen in a single Ministry, able to brief and guide the press. The same is true when the situation is the other way around—the Conservatives have a small number, and the Government still have a massive advantage in controlling the news agenda. They use taxpayers' money to do that, rather than money given to them through free donations, and they use that power to guide the views of the nation.

Nobody pretends that propaganda is not powerful. We all know it is, otherwise Unilever would not be, as I believe it is, the second largest spender on advertising in the country. I believe the Government are still the largest. Propaganda underlies how all of this works, and it is why the Government are so determined to maintain control of their ability to leak statements when they feel it is right to do so. They feel that if they use that power, they can ensure their electoral popularity and their re-election, at the expense of the British taxpayer. That is when the other, non-political side of the Government has to say, "This is improper. This is wrong. It is all right while we are in office, but we will not be in office for ever. The other side will come in, and they will be more ruthless than we are. They will use this propaganda advantage to ensure their continuation in power."

The check on that is, and has been for centuries, the House of Commons nit-picking, banging away at the Government and saying, "This isn't right. We are holding you to account on this. Our electors want to know about this". It is not about us, or the fact that we are here representing North East Somerset or other, lesser parts of the country. Actually, I cannot say that with my right hon. Friend the Member for East Yorkshire (Mr Knight) here, because I get into trouble if I am not very polite about Yorkshire on all occasions. We are representing our constituents, who wish us to hold the Government to account. Once we are elected, our constituents are not necessarily our political friends and supporters, but we represent every one of them and all their concerns.

I sympathise with the Government. I say that not because I am a loyal hack—I do not think I am the loyalest of loyal hacks—but because I absolutely understand the predicament in which they find themselves.

Chris Bryant: The hon. Gentleman referred to the non-political side of things, which I suppose in part means the civil service. One problem is that when we make an accusation—it could be an important one,

[Chris Bryant]

such as, for instance, that the Government have issued false immigration statistics deliberately four days prior to the real statistics coming out—we write to Gus O'Donnell, the Cabinet Secretary, and he writes a beautiful episode of "Yes, Minister" back. The Cabinet Secretary will never find against a Minister. Without the motion, there is no proper arbiter.

Jacob Rees-Mogg: I am grateful to the hon. Gentleman, who is a model in opposition of how people ought to approach this matter. As I understand it, he was a model in government, although not as invariably successful as a model ought to be.

The hon. Gentleman raises the issue of the indivisibility of the Government, who are both political and impartial. In a sense, it is much easier to be a judge or to be the Speaker, because people in those positions are always impartial. The Government are always seeking re-election, but at the same time, they must make decisions in the interest of the nation impartially and fairly—one hears Ministers talk about being in a quasi-judicial position in certain circumstances. Parliament seeks to divide those indivisible roles and to say, "That bit is political. Therefore we are holding you to account for political reasons, not necessarily because we disagree on the benefit to the nation."

The Procedure Committee debated with a great deal of amusement whether impeachment could be reintroduced. I would love to see the hon. Member for Rhondda (Chris Bryant) introduce articles of impeachment against a Minister whom he thought had misbehaved. If that did not work, perhaps he could go further and attaint a Minister, which would be the final sanction.

However, the Committee decided, cautiously and prudently—to some extent this answers the point of my hon. Friend the Member for Poole (Mr Syms)—that, as the conclusion of part 1 of the report states,

> "We do not believe that it is practical or desirable to produce a detailed protocol that would cover all possible situations".

That is clearly right, because there will be circumstances in which Ministers must answer questions urgently—perhaps they would be pressed to do so or the financial markets demand it. However, there will also be occasions on which the Minister knows perfectly well that he has a jolly good, fat, juicy news story that he would like to put out to his chums and he does so. That is what we ought to be trying to stop.

I have great confidence in this Government when I think of what they have done so far to restore the standing of Parliament. We can see how much better debates are attended than they were under the previous Government.

Thomas Docherty (Dunfermline and West Fife) (Lab): I suspect that that is more because of the quality of the hon. Gentleman's speeches than those of any Minister.

Jacob Rees-Mogg: I am deeply grateful to, and flattered by, the hon. Gentleman.

Mr Knight: My hon. Friend is making an excellent contribution to this debate. In essence, is not our problem that the ministerial code, upon which we rely for justice in this respect, is presided over by the Prime Minister acting as a judge, when in reality he must also be an advocate for, and on the same side as, his Minister?

Jacob Rees-Mogg: I entirely agree with my right hon. Friend. It is important that this be brought to the Commons as a matter of our procedure, and that we do not rely on the good will or benign nature of the Government to see that it is enforced.

I want to finish on the sympathy that I have for the Government. They have allowed the formation of a Backbench Business Committee, which is letting debates such as this take place. Ministers are regularly making statements and they are answering questions for over an hour on those statements. There is a more rigorous approach to the treatment of scrutiny, and the House of Commons is being treated more seriously. That is a thoroughly good and admirable thing. None the less, the House of Commons should be greedy and say, "We want more scrutiny of the Government. We want to push the Government further so that we may keep them under control and under a proper check because they wield the most gigantic power."

The Government have all the organs of state at their control. They have as many press officers, briefers and leakers as one may wish to cast a stick at. The Opposition do not have that. Nevertheless, the day will come when the Conservatives are once again in opposition and we will want to claw our way back into government and will not want to have the dice loaded against us as they were between 1997 and 2010. For that, we must make tough decisions to hold the Government to account when it is a Government whom we support, and that scrutiny must be firmly embedded, reinforced and made solid in the culture of the House. Although the motion may not be ideal, it unquestionably moves in the right direction. If the Government do not accept it today, I hope that they will at least indicate what they will accept and how quickly they will pass this from the Government, the Crown, and back to Parliament.

5.41 pm

Nick Boles (Grantham and Stamford) (Con): I have spent only a year and a half of my 46 years inside this place. I have observed that there is no time when the House of Commons makes itself more ridiculous than when it is suffused with self-serving piety. I accept that there is no one here with a greater claim to true piety than the hon. Member for Rhondda (Chris Bryant), and he has made, as he always does, some brave and bold arguments. However, it was with some relief that I saw my hon. Friends the Members for Poole (Mr Syms) and for South Staffordshire (Gavin Williamson) breaking through that self-serving piety with a little common sense.

Chris Bryant: I am not sure whether the hon. Gentleman is accusing me of self-serving piety. For the avoidance of doubt, let me say that I have no piety about me.

Nick Boles: I was accusing the House of being suffused with self-serving piety and giving the hon. Gentleman a bye on the basis that his past suggests that true piety is one of his qualities.

Let me start with where I am in agreement with other Members, including my wonderful hon. Friend the Member for North East Somerset (Jacob Rees-Mogg). Holding

Government to account is one of Parliament's primary functions, but it is not its only function. Parliament is also there to supply and support a Government.

If Parliament's primary function is to hold Government to account, no Government in recent times have done more to strengthen the power of Parliament to do such a job. It was this Government who introduced elections by Back Benchers of Chairmen and of members of Select Committees. Previous Governments, including the one of which the hon. Member for Rhondda was a member, appointed as Chairmen people who unfortunately needed to be eased out of their ministerial berths, where they had not been a success, and to be bought off for the rest of the term of that Government. This Government have turned their back on that naked attempt to suborn Parliament and have empowered Select Committees through the introduction of direct elections by Back Benchers.

Ms Angela Eagle (Wallasey) (Lab): As a member of the parliamentary Labour party, I have to correct the hon. Gentleman's assertion. The PLP instigated a rule stating that nobody straight out of serving in government could become a Select Committee Chair. After I left government and served on the PLP, which is the equivalent of the Conservative party's 1922 Committee, no person coming straight out of ministerial office went into a Select Committee chairmanship.

Nick Boles: I am happy to be corrected on that point, but I hope the hon. Lady will confirm that it was this Government who introduced the election of Select Committee members and Chairs by Back Benchers, which significantly strengthened the independence of Select Committees and their ability to hold the Executive to account.

This Government also introduced the Backbench Business Committee, and so far have allotted it about 30 days of debate in Parliament for the subjects of most interest to Back Benchers. It was also this Government who introduced the concept of e-petitions to allow the House to debate not only the subjects of most interest to Back Benchers, but those of most interest to members of the public. It is clear, therefore, that it is this Government who have done most to strengthen Parliament's ability to hold the Executive to account.

To be fair, we must also acknowledge that Mr Speaker has done more than any recent Speaker to ensure that Parliament can fulfil its function of holding the Executive to account. No Speaker has used urgent questions more regularly to force Ministers to come and account for their decisions and to answer questions from hon. Members.

Dr Julian Lewis: I am sure that Mr Speaker will be gratified by that vote of confidence—I say this without irony—from my hon. Friend, but does he not agree that it was at least unfortunate that, as Mr Speaker made explicit in response recently to a point of order from me, he felt it necessary to keep the Chancellor of the Exchequer at the Dispatch Box as long as he did during the autumn statement precisely because he considered that the Chancellor had been saying far too much, in far too much detail, about that statement in advance to the media?

Nick Boles: No, I do not actually, and I shall explain later why I do not agree with my hon. Friend.

No Speaker has done as much as the current Speaker to place strict controls on Front-Bench waffle during questions, thus ensuring that more Members can ask their questions and get answers on behalf of their constituents. And no Speaker has presided over such long statements, including the Chancellor's autumn statement, thus ensuring that all Members with questions to ask on behalf of our constituents can be heard. It is clear, therefore, that this Government and this Speaker of the House of Commons have done more in a very short time than any recent Government to strengthen the power of the Chamber to hold the Executive to account.

What puzzles me about the argument put forward by most Members who have spoken is the suggestion that holding the Government to account requires a monopoly on first communication of the Government's decisions. Surely the days are gone when Parliament should think of itself as and behave like a priesthood that gathers together the only people in the country with the intelligence and education sufficient to consider matters of state. Surely what matters is that Parliament has an opportunity to discuss any announcement by Ministers on the day that it is made or, if it is made over a weekend, on the next sitting day. Is it not our duty, in this place in 2011, to adapt this ancient institution to modern democratic principles, and does that not require that we strike a balance between Parliament's essential role of holding the Government to account and the public's right to know what their Government are doing as soon as possible?

Bob Stewart (Beckenham) (Con): It seems to me that the best way of tackling the matter is this: when a Minister or a member of the Government needs for urgent reasons to make a statement publicly, he or she should do so and then come here as soon as possible. I am thinking, in particular, about matters in which military forces are involved. I do not see a problem with that. I think that the motion might allow for that—I hope that it does because that is how I interpret it.

Nick Boles: I thank my hon. Friend for that important and interesting intervention. I would go further, although I accept that very few people are of the same mind. We make a mistake in thinking that we can somehow reserve to decisions of military or financial sensitivity and urgency the possibility of their being made outside this place and then discussed fully inside this place.

Sir Paul Beresford: Does my hon. Friend not agree—from his vast experience in this place, and perhaps also looking from the outside—that although a considerable number of statements are of little or no interest to the House because they are regional, specific or small, perhaps involving one or two MPs, and so on, the decision on that, which the Minister takes, must be subjective, which makes the Minister vulnerable to attack, as we are seeing?

Nick Boles: I agree with my hon. Friend. This House has many opportunities to embarrass and annoy Ministers who seem to act with discourtesy towards us. I am not for a minute arguing that we should not make full use of that; I am just arguing against this motion.

[Nick Boles]

I would like to move on to the example of the autumn statement—which my hon. Friend the Member for New Forest East (Dr Lewis) raised earlier—in which, as I think we can all agree, some of the most important announcements of this Session were made. It is true, as we should admit without embarrassment, that many of the proposals in the autumn statement were discussed widely in the media—on television, in the newspapers and in the blogosphere—in the several days before the statement. I have no idea whether that was by accident or by design, but I fervently believe that this ensured that public awareness and understanding of the contents of the Government's plans and their response to the difficult economic situation in which we find ourselves was far higher than it would have been if nothing had been revealed until the statement was made. I ask Members to ask themselves two questions. First, how many people are willing and able, in their busy working lives, either to watch the autumn statement as it is broadcast on television or to read parliamentary reports? Secondly, how many of them, given the slightly weird way in which we all speak, will understand it when they do?

Michael Ellis: Is it not also a rather unsatisfactory and unsafe assumption for those supporting the motion that it is the Minister, or a servant or agent acting for the Minister, who leaked sensitive information? Is it not also possible that the information was accidentally leaked, or in some way given by a third party, against the interests of the Government? Might not passing this motion also open up the sphere for misuse of the complaints procedure, whereby the mere fact of a complaint would bring down adverse criticism on the head of the Government and the Minister?

Nick Boles: My hon. Friend is a distinguished member of the legal profession and therefore well understands the ability of people to abuse otherwise well intentioned elements of the law. However, I intend to go further than he suggests, because I argue that we should move away from this idea that it is a leak when the Government decide to announce in advance to the media some elements of their proposals. I believe that it is directly and strongly in the public interest that the public are given a chance to understand the detail of the Government's proposals and the range of views and arguments that will be expressed, and for Parliament also to contribute to that debate, but not to have the monopoly on first communication.

Jacob Rees-Mogg: My hon. Friend makes a perfectly reasonable point. It would be perfectly possible to write a ministerial code that said, "Her Majesty's Government will take not a jot of notice of Parliament, but will issue statements to whomever they feel like, whenever they feel like it." If that is what my hon. Friend wants, will he redraft the ministerial code and send it to the Prime Minister?

Nick Boles: My hon. Friend asks a cunning question, but one I think I can sidestep by saying that, as I discussed with him before the debate began, I think that the ministerial code is a load of nonsense. The truth about the ministerial code is what he said, which is that a Minister can stay in their job while they have the confidence of the Prime Minister, but as soon as they lose it, it does not matter what the ministerial code says, they should lose their job.

Thomas Docherty: On the hon. Gentleman's point about helping the public better understand, is his argument that the Treasury leaked the entire contents of the autumn statement for the benefit of some public good, rather than because it wanted to get its excuse in first?

Nick Boles: First, I have no idea whether it was, in fact, the Treasury that leaked any of the details. Our journalists are cunning ferrets and they have remarkable ways to get information out of the leaky sieve that is a modern Government. However, more importantly—and to take the hon. Gentleman's concern seriously—I do not know whether that was done for the public benefit, but I am absolutely certain that it was in the public interest. It was to the public's benefit that there was wide discussion, over several days, on all the leading television programmes and in all the leading newspapers, about proposals that would have received much less attention if they had been left until Parliament heard the autumn statement.

Let us focus, then, on our true duty. Our duty is not to serve ourselves, to puff up our roles as Members of Parliament or to bolster our privileges; it is to serve the public. We do so by holding the Government to account, not by requiring them to leak all their information in this strange room, rather than out there, where people are listening. Nobody in this debate has yet explained why the public are better served by announcements being reserved to Parliament. That is why I will not support the motion.

5.56 pm

Thomas Docherty (Dunfermline and West Fife) (Lab): I speak as a member of the Procedure Committee. I congratulate the Chairman, who is in his place, and my hon. Friend the Member for Darlington (Mrs Chapman) on their sterling work on the report, alongside the hon. Member for North East Somerset (Jacob Rees-Mogg) and other colleagues.

I have been fascinated by many of the contributions, which have again served as an excellent way of spotting who is on the fast track up the ministerial ladder. It is perhaps with some regret that, yet again, the hon. Member for North East Somerset has put his principles ahead of the greasy pole. However, he reminded me of a fellow old Etonian, Mr Hugh Dalton, who is probably the most obvious example of a member of a Government having to resign over this issue, because the contents of his Budget found their way into a newspaper before being read out to the House of Commons. Everyone is familiar with that story. What they are probably not familiar with is the fact that Hugh Dalton's reasoning for giving that information—apparently as he was passing through Members' Lobby on the way into the House of Commons—was that he believed that it would be said to the House before appearing in that day's London newspapers. Even Mr Dalton, who is often held up as an example, as the first great leaker, said that his intention was for the House of Commons to hear the statement before the public at large. Unlike the hon. Member for Grantham and Stamford (Nick Boles), I believe that it

is to the public's benefit that this House has an opportunity to scrutinise what the Government are proposing first, a point to which I shall return.

On the earlier point about why the Prime Minister is the wrong person to oversee things, the hon. Member for North East Somerset mentioned a rather good British Broadcasting Corporation programme, "Yes, Prime Minister", and the famous and funny episode about a leak. For those who can recall it, the Prime Minister's office was leaking against a member of his Government—something that I am sure the Leader of the House will tell us never happens in this Administration; they use tweets, apparently—if their fingerprints are not found on their iPhones. I am sure that the hon. Gentleman requires no reminder, but the outcome of the episode to which he referred was that the whole farce was brought to an end by a leak inquiry, which, as Sir Humphrey reminded the Prime Minister, would result in no evidence being found, no guilt being established and nobody losing their job. As is too often the case in this place, comedy—in this case, BBC comedy—imitates life. The problem is that, despite some incredibly serious leaks of Government statements, on not a single occasion during the 18 months for which the present Government have been in office has a single civil servant, special adviser, parliamentary private secretary or Minister been found to have breached the rule. I believe that in the last month alone no fewer than three Secretaries of State have been admonished by Mr Speaker for the fact that serious leaks have occurred, but as far as I can tell, their best excuse was, "It wasnae me. I didnae do it. A big boy did it and ran away." Responsibility was mentioned earlier. It is the responsibility of a Secretary of State to ensure that information is not leaked from his or her Department.

Michael Ellis: Is the hon. Gentleman interested in the principles of natural justice? Does he believe that people ought to be guilty until proved innocent, or that people ought to be innocent until proved guilty unless they are in this Chamber?

Thomas Docherty: I am conscious of the danger that we will slip into the subject of our next debate, but I believe that Members of Parliament, including those who have the privilege of serving on the Treasury Bench, should be held to the highest possible standard, and I regret to say that that has not always happened in the case of a small number of Secretaries of State and their Departments.

The hon. Member for Poole (Mr Syms) cited Neville Chamberlain. Let me first remind him that what Chamberlain said was "peace for our time", not "peace in our time". Given the hon. Gentleman's close association with the Secretary of State for Education, who I understand is very keen on British history, that is the kind of thing that we should expect him to get right. What he did not mention, however—*[Interruption.]* I hear a mobile telephone ringing. It is probably *The Guardian*, asking for the latest statements.

What the hon. Member for Poole did not mention was that the then Prime Minister, having left the airport tarmac clutching his piece of paper, went straight to the Chamber of the House of Commons, where he gave a detailed account of events in Munich and responded to questions over a substantial period during which he was subjected to considerable heckling from Members on his own side.

Sir Paul Beresford: The hon. Gentleman is giving us a delightful piece of history. However, the reality is that nowadays the Prime Minister would arrive and be flooded with television cameras, microphones and so forth, there would be educated and uneducated guesses, the Prime Minister would be trapped into having to respond—and he might indeed use the words "in our time".

Thomas Docherty: I am sorry that the hon. Gentleman has such a low opinion of his party's Prime Minister that he does not consider him to be sufficiently fleet of foot to outfox a handful of Fleet street's finest, but we are discussing something more substantive than a Prime Minister's arrival from the tarmac to make a major policy announcement. We are discussing the habit that the Government have fallen into, after just 18 months, of considering no announcement too big or too small to be given to the media before they can be bothered to get around to giving it to the House.

We saw an example of that only a few days ago. The Department for Energy and Climate Change contacted *The Guardian's* twitter feed more than half an hour before it was known that a statement was to be made, let alone what the contents of that statement were to be. It is a matter of great regret to many Members on both sides of the House that the Secretary of State and his cohorts have such a low regard for this place that they cannot even be bothered to tell Mr Speaker or the Opposition that a statement is to be made before they tell the media.

Bob Stewart: What worries me is that Ministers are supposed to govern, that "governing" sometimes means making decisions, and that there are a heck of a lot of decisions that Ministers must make. Given the flood of decisions that would end up in the House if every single matter had to be referred to it, we should never be able to do anything. Ministers should be allowed to get on with things, and then come to the House to announce particularly important decisions. I agree with the hon. Gentleman that it is proper for a Minister to be allowed to make a quick statement and come to the House as fast as possible in such instances.

Thomas Docherty: I am always grateful to the hon. Gentleman for his thoughtful contributions. I know that he has had some experience of the perils of leaks in recent days, and that he shares my concern about leaking. However, there are two types of statement.

The hon. Gentleman will not need to be reminded that today's Order Paper lists no fewer than eight written ministerial statements. We are not talking about the need for every statement to be made orally on the Floor of the House; it is perfectly legitimate to place written statements in the Library of the House of Commons. Some of them are quite important. For instance, the third on today's list is a statement from the Secretary of State for Environment, Food and Rural Affairs on the single payment scheme, a vital subject that is of great concern to many farmers throughout the country. As a member of the Environment, Food and Rural Affairs Committee, I know that the Government have repeatedly

[Thomas Docherty]

failed to meet their obligation to ensure that our farmers receive the money that they should receive, and that is a subject to which the Opposition may choose to return. The key point is, however, that such statements should be made to the House—in either oral or written form—before being punted not just to the "Today" programme, not just to "Daybreak" or the programme that follows it, and not just to "BBC Breakfast", but to the new media. The constant leaking suggests that it is almost a case of "Anywhere but the House of Commons".

I believe that the reason is quite straightforward. Let me return to a point made a few moments ago by the hon. Member for Grantham and Stamford. This is actually about softening bad news—about trying to get the Government's version out there. As was rightly pointed out by the hon. Member for North East Somerset, there are hundreds of press officers, employed at taxpayers' expense, whose job is to try to soften that bad news. Unfortunately the country will be given a great deal more bad news over the next three and a half years as the Chancellor's economic policies continue to fail, as the economy continues to flatline, as the Government refuse to accept the need for a plan B, and as week after week the Chancellor is forced to come back and downgrade his growth forecast. That is why the Government do not wish to come to the House: they do not wish to scrutinise themselves.

Those of us who are historians, or history buffs, often enjoy taking our constituents around the Chambers of both Houses. One of our great pleasures, which I am sure you have experienced, Mr Deputy Speaker, is taking our constituents to the Chamber in the other place and showing them the table at which Winston Churchill stood during the years when the House of Commons Chamber was unavoidably out of action following the bombing in May 1941. We can see the mark on that table that was made when Winston Churchill, who I would argue had more on his plate than any other Prime Minister—not just his Sunday lunch, but all the matters with which he was dealing—banged his hand on it. He came to the House, made himself available for scrutiny and answered questions for hour after hour, because it was important for the country to feel confident that the House of Commons had exercised due diligence and scrutiny.

The hon. Member for Grantham and Stamford—in one of the most creative speeches that I have heard for some time, during which he tried to justify his former flatmate's leaking of the whole autumn statement the previous weekend—claimed that this was about the public interest.

Nick Boles: I am forced to intervene because the hon. Gentleman has accused me of two things in the last 10 minutes: of being an old Etonian, which I am not, and of having been the flatmate of the Chancellor of the Exchequer, which I never was.

Thomas Docherty: I apologise on the second count, although I suspect that it was the Chancellor's loss rather than the hon. Gentleman's. As for the first, I was referring to the hon. Member for North East Somerset, who is sitting next to him, and whom I know to be the finest old Etonian currently serving in the House—bar one, obviously. I am sure that he will have an equally long career.

A fundamental point was made earlier about the public good and about debates. As the hon. Member for Grantham and Stamford will know, every Budget is followed by a Finance Bill, which requires the exercise of due diligence and is debated at some length. I am sure that if he has not had the privilege and pleasure of serving on a Finance Bill Committee, the Government Whips, who are doubtless paying attention, will be more than happy to introduce him to the process, which allows outside stakeholders, representing the interests of his City friends and those of the country at large, to make their cases to Members.

Nick Boles: Would the hon. Gentleman care to enlighten us as to how many members of the public attend sittings of the Finance Bill Committee?

Thomas Docherty: I have served on only one Finance Bill Committee, as a researcher many years ago, and the public gallery was packed. Of course, there is a wider debate about how we can further open up our Bill Committees to the wider public, but it is not just about the debate itself; it is also about the process post-Budget, pre-Bill Committee, when all interested groups can make representations. I am sure that the hon. Gentleman and hon. Members on both sides of the House received many representations on the Budget from constituents. That is the correct forum for having a good discussion about the merits of the Budget, not the Sunday papers and the Sunday programmes beforehand.

That is the problem with the Government: they have no regard for the House, the public at large or the many interested groups. They have got it back to front. The first thing they should do is lay their policy before Parliament; then they should allow the House to have scrutiny; and then they should welcome proper consultation on their policies—three things that they have repeatedly failed to do.

I am conscious that my hon. Friend the Member for Wallasey (Ms Eagle) and the Leader of the House need to respond to the debate. This is not a light matter. It is genuinely about whether we want a Government, regardless of their political hue or whether they are a rainbow coalition, who believe that they are accountable to the people through the House, or a Government who continue to be accountable to a handful of editors of newspapers and TV programmes. It is genuinely about whether the House remains the primary point at which the Government will be held accountable.

6.11 pm

Ms Angela Eagle (Wallasey) (Lab): We have had an interesting debate, which has sought to address the continuing tension between the Government's desire to get what they see as favourable coverage in the media for their announcements, and Parliament's requirement that it, and not the media, should be told first of any important new announcements, so that it may do its job in holding the Government to account. Some of the tension between the different approaches to that particular job has been expressed in the speeches that we have heard tonight, not least those by the hon. Member for North East Somerset (Jacob Rees-Mogg), who is a

pro-House of Commons man to his very core and made that clear in his contribution, and the hon. Member for Grantham and Stamford (Nick Boles), who is not, if I could put it that way, because he seemed to spend most of his contribution questioning whether the ministerial code should exist in its current form at all, which is probably one of the more radical suggestions in the debate.

I do not think tension between those two issues—the Government's desire to get favourable news coverage and Parliament's understandable desire to be at the centre of national debate—is anything new. Many previous Governments, of all political hues, have been found wanting when it comes to ensuring that their announcements of important policy decisions happen first in Parliament. Many right hon. and hon. Members, including my hon. Friend the Member for Rhondda (Chris Bryant) in what was an extremely wise speech, have pointed out, not only in our debate today but in previous debates, that the situation has been exacerbated by the advent of 24-hour news.

We have also seen the explosion of new platforms for the dissemination of information, which simply were not envisaged when our Parliament first formulated its now rather antiquated procedures and Standing Orders. The increasingly cut-throat competition between print and broadcasting media has not been mentioned, but it is relevant to the issues that we are struggling to resolve appropriately in the Chamber. There is a battle to obtain "breaking news" first, and the cavalier approach to rules and standards of behaviour in the media, now being highlighted in evidence to the Leveson inquiry, does not provide an easy backdrop against which to expect improvements in that state of affairs. Thus the trade in exclusive first access to important Government announcements in exchange for favourable and uncritical coverage of the good bits appears to benefit Ministers and the media outlets alike. Whenever that potential exists, there will be a difficulty that we as a Parliament have to struggle with if we are going to ensure that this Chamber gets a look-in. Unfortunately, that trade is flourishing as never before.

The lack of any real sanctions on Ministers when such leaks occur does not help Parliament to achieve its proper aim: to ensure that it is elected Members of the House, who are here to represent the views of their constituents, who are first to question Ministers on their policy announcements and thereby hold them directly to account. That is despite the clear instructions in paragraph 9.1 of the ministerial code 2010, which has been quoted in our debate:

> "When Parliament is in session, the most important announcements of Government policy should be made in the first instance, in Parliament."

The hon. Member for Grantham and Stamford had a separate argument that that should be expunged from the ministerial code. It is a point of view. It is not a point of view that I feel would get a majority in the House, but at least he has been open and up-front enough to advance that argument. However, I think that the vast majority of us here want, in considering these difficult issues, to find a way of making the ministerial code work properly, so that this Chamber can be what it was always meant to be: the place where the most important debates about Government direction happen.

It is clear that that statement of intent is a good thing but is far from being achieved in reality. Indeed, I think that it is flouted regularly by senior members of the Government, from the Prime Minister down. The ministerial code itself now appears to be more honoured in the breach than in the observance, as I pointed out last week on a point of order. My observation followed the systematic and premeditated leaking of every piece of good news in Thursday's autumn statement to the media in advance, usually accompanied by photo calls with Ministers in high-vis jackets.

I was unaware at the time, although we have been informed of this today, of the Humber bridge coincidence, if I may put it that way. There was an announcement of the decrease in tolls on the Humber bridge and some hon. Members, just by coincidence, happened to be available on the Humber bridge. Obviously they had no idea that the media might be on the Humber bridge with their cameras waiting for an instant reaction to something that, clearly, the Members in question had no idea was about to be announced in the autumn statement. Perhaps there are people who believe that that is indeed what happened on the day, but many of us have some suspicions that there may have been something slightly improper going on with the autumn statement. The fact that the autumn statement was in essence a mini-Budget simply made the offence all the more blatant. In my view, it showed a cynical and total contempt of this House and a complete disregard of the ministerial code itself.

While I am on that subject, another important part of the ministerial code was also ignored ahead of the Chancellor delivering his autumn statement to the House last Tuesday. That was the requirement in paragraph 9.5 that the text of the oral statement should be shown to the Opposition "shortly" before it is made. Although no precise time is specified, the paragraph requires copies of the statement and associated documents to be sent to the Chief Whip and his office 45 minutes in advance. I would like to take this opportunity to ask the Leader of the House whether he had the documentation in his office 45 minutes in advance. His answer is important because, in the event, my right hon. Friend the shadow Chancellor got barely 10-minutes' notice and a heavily redacted copy of the statement. This puts all opposition parties in difficulty when trying to reply to complex announcements. Like everyone else however, my right hon. Friend had been able to piece together what all the positive Government announcements were likely to be from watching the news, but that is not what is intended by the requirements for oral statements under paragraph 9.5 of the ministerial code. I would be interested to hear what the Leader of the House has to say about that.

There have been further worrying signs of escalating ministerial disregard for Parliament. Notable among them was the Secretary of State for Energy and Climate Change's astonishing discourtesy to the House two weeks ago. His intention to come to the House to make an energy statement—laudable in itself—was somehow tweeted to the world 30 minutes before his Opposition shadow was told by an environment journalist at *The Guardian*. An hour later the statement's contents were leaked to the same journalist and were up on the website hours before the Secretary of State was due to deliver the statement in this place. As far as I can tell, absolutely no action has been taken by the Government

[Ms Angela Eagle]

to reassure us that this will not happen again, and the Secretary of State has offered neither an explanation nor an apology to the House for this strange coincidence.

As the hon. Member for Kettering (Mr Hollobone) set out in his speech moving the motion, and as was also pointed out by the right hon. Member for East Yorkshire (Mr Knight), the Chair of the Procedure Committee—which has done an extremely good job—the Procedure Committee produced its February 2011 report on ministerial statements at the request of this House, which is an unusual way of doing things. That followed the first ever debate initiated by the Backbench Business Committee, which took place last July. At that time, the Leader of the House supported the Procedure Committee's inquiry into how Parliament's understandable determination not to be the last to know about ministerial intentions could be translated into a workable system that would improve the current sorry state of affairs. In that first debate, the Leader of the House said:

> "We devalue ourselves if the news is being made elsewhere. We therefore risk losing our position as the centre of British national debate. That is surely why the principle that we are debating today is important...We are elected here to scrutinise the Executive and to hold Ministers to account on behalf of our constituents. It is therefore crucial that Ministers explain and justify their policies in the Chamber in the first instance."—[*Official Report*, 20 July 2010; Vol. 514, c. 263.]

That provides the most eloquent response to the comments of the hon. Member for Grantham and Stamford.

We had to wait until May for the Government's response. When it finally arrived, it was disappointingly dismissive—as the right hon. Member for East Yorkshire hinted—and since then an uneasy stand-off between the Executive and the House of Commons has prevailed. No action on the recommendations in the report has been taken. In his speech, the right hon. Gentleman described the Government response as "highly unsatisfactory", and I agree.

Throughout this period, there have been ongoing briefings and announcements of Government policy to the media rather than Parliament. The large number of urgent questions that Mr Speaker has seen fit to grant during this time is a good measure of the extent of the Government's current disregard for the rules on ministerial statements. Never have the high ideals proclaimed by a new Government at the beginning of a Parliament so swiftly turned to dust. Their laudable early determination to put Parliament back at the centre of national debate has been throttled by the cynical opportunism of myriad SpAds—special advisers—and spin doctors. Their headline-chasing, public relations-fixated masters have meanwhile been busy driving a coach and horses through the ministerial code. So much for hoping that the Government would be capable of resisting the temptation to trade with the media in early announcements to the detriment of Parliament's right to know first. So much for hoping that the Government would be content to allow the recommendations in the Procedure Committee's report to be put into effect, or at least that some progress might be made on this issue.

What is to be done? It appears that the Backbench Business Committee has grown impatient waiting for the Government to deal with the recommendations in the report on ministerial statements, and I cannot say I blame it. It has decided to try to force the issue, and the motion before us seeks to put into effect just one of the recommendations contained in its report: the recommendation specifying a new procedure for complaining to the Speaker about a breach of the protocol that statements should be made first to Parliament. It would allow the Speaker to judge whether a minor, or more serious, breach had occurred. It would empower him to take appropriate steps in the event of minor breaches, and to refer more serious cases to the Standards and Privileges Committee for further investigation. In essence, this gives the Speaker—and therefore, by definition, this House—the power to begin to enforce the protocols that exist to guide Ministers' conduct on announcements. Perhaps this is the only way progress can now be made, given that the Government's enthusiasm for making improvements in this area seems to have evaporated completely.

In the Government's response to the report, on the suggestion that the Speaker should be empowered to enforce the protocol, they consider that an adequate range of "sanctions" for such misbehaviour by Ministers is already available. In what is one of the weakest sections of their response, the Government list the granting of an urgent question, an investigation by the relevant Select Committee, or raising the breach at business questions or Prime Minister's questions as adequate sanctions to prevent ministerial disregard for the rules. I have raised various breaches of the protocol either as points of order or in business questions during my short time as shadow Leader of the House, and I cannot say that I have seen Ministers either worried or apologetic about any breach. A complacent smirk seems to be the most usual response. The Government's claim that adequate sanctions already exist cannot be true, or there would have been evidence that ministerial behaviour had changed and that Parliament was being bypassed in favour of announcement by media on fewer occasions. If anything, the opposite is true.

Given the Government's obvious reluctance to embrace the recommendations in the Procedure Committee report and the evidence of ongoing and serious breaches of the protocol about Ministers making important statements to Parliament first, the Opposition will vote for this motion tonight. I also want further consideration to be given to how other recommendations in the report can be put into action in the future, and I look forward to working with Members on both sides of the House to ensure that we can take these important matters forward to a sensible conclusion.

6.27 pm

The Leader of the House of Commons (Sir George Young): I welcome the opportunity to contribute to this debate, which is being held only because this coalition Government established the Backbench Business Committee, giving it the opportunity to set the debate and allow a vote. The shadow Leader of the House raised the availability of the autumn statement. We always use our best endeavours to get the documents to the Opposition Whips office within 45 minutes, and we will continue to do so.

Let me set out the Government's position on the motion moved by my hon. Friend the Member for Kettering (Mr Hollobone). As he said, it arises from, and refers to, the Procedure Committee report on ministerial

statements published in February. The Committee was asked to prepare its report as a result of the debate on the first Backbench Business Committee day on 20 July last year and the motion, also moved by my hon. Friend, that was agreed that day.

The Chair of the Procedure Committee, my right hon. Friend the Member for East Yorkshire (Mr Knight), sought a debate on a motion taking note of that report, which would have covered more issues than are under discussion today, but the motion was never debated. The Backbench Business Committee has now chosen to introduce its own motion on the subject, drawing on parts of certain Procedure Committee recommendations —although, as my right hon. Friend implied, it is unclear why we are not debating the whole report. As the shadow Leader of the House said, we responded in full to the Procedure Committee's report and our views on its recommendations have been available to hon. Members since May. We made it clear in our response that we did not support the relevant recommendations of the Procedure Committee and so it should come as no surprise to the House that we are not able to accept today's motion.

Let me begin by setting out where the Government are at one with the Procedure Committee and, indeed, with the majority of those who have spoken in the debate, before setting out where we disagree. The ministerial code states:

> "When Parliament is in session the most important announcements of Government policy should be made, in the first instance, to Parliament."

My Cabinet colleagues are very mindful of that requirement, and I do not hesitate to remind them of it. But there is clearly a "tension"—that word was used by the shadow Leader of the House—between the realities of the 24-hour news cycle and the requirement of the ministerial code. As the Government said in their response to the Procedure Committee in the spring:

> "Ministers' obligations to Parliament are paramount, but the Government also has a duty to communicate its policies and programme effectively to the wider public, including through the platform of a 24-hour news media. These dual pressures have been a reality under all recent governments".

My hon. Friend the Member for Poole (Mr Syms) made that point in his effective contribution.

I looked through the evidence to the Procedure Committee and read that a former Minister, the right hon. Member for Greenwich and Woolwich (Mr Raynsford), said in his:

> "I don't think we should complain about Government trying to maximise the positive media for its policy. Any Government is going to do that."

Ministers must adhere to the responsibilities of the code, but we also need to bear in mind the need to address the public's desire for timely, accurate information, especially when fast-moving events have a capacity to distort or misrepresent the Government's policy. The public's appetite for that does not start and end with the day's sitting hours—again, that point was made by my hon. Friend the Member for Poole.

Of course the House has legitimate expectations in this area, and this Government are making many more statements than their predecessor. We have so far made 163 oral statements this Session, and compared with the last two Sessions of the previous Government, this Government are making 40% more oral statements than Labour Ministers—a point made by my hon. Friend the Member for North East Somerset (Jacob Rees-Mogg). We have only to look at the record of my right hon. Friend the Prime Minister to see how importantly the Government view the House's role in scrutinising policy. My right hon. Friend has spent almost 30 hours at the Dispatch Box, making 24 oral statements so far this Session, which is a considerably better record than his predecessor.

Paul Flynn (Newport West) (Lab): Will the Leader of the House state how many of that increased number of statements were forced on the Government by the increase in urgent questions?

Sir George Young: None is the answer; urgent questions are in addition to the statements to which I have just referred.

I do not believe that the motion either sets realistic standards or proposes an appropriate path for what might follow from a departure from the standards. I say in passing that it also threatens to undermine the basis that all Ministers are equal under the ministerial code, because the motion applies only to Commons Ministers.

Chris Bryant: The Leader of the House is being slightly unfair. Often what happens—indeed, it happened today—is that a Member applies for an urgent question and the Minister, by some miracle, immediately decides that it would be a good idea to ask to make a statement. In those circumstances, would it not be a good idea if the Minister just started his statement with an apology?

Sir George Young: However one looks at the statistics, there has been a marked increase in the willingness of this Government to come to the House to make statements; the figures speak for themselves.

I turn to the question on which we disagree: whether or not the standards set out in the motion are the right ones. The Cabinet manual is clear that

> "When Parliament is in session the most important announcements of government policy should, in the first instance, be made to Parliament".

The words in the Cabinet manual were used in terms in the resolution of this House on 20 July, which again referred to "the most important announcements". However, the motion before us today broadens the requirement massively, and in an open-ended manner, to "all important announcements". At a stroke, the motion seeks to sweep away the intention of the Cabinet manual to draw a distinction between those matters that are properly for Parliament first and those matters that can be announced in other ways. As my hon. Friend the Member for South Staffordshire (Gavin Williamson) said, almost all announcements made by the Government are important to someone. I commend the way in which he managed to get into his speech the names of a number of large villages in his constituency, and I am sure that the people in all those were delighted to hear of his commitment to them. If the House were to agree to this motion, it would replace a text that acknowledges the need for a sensible judgment about relative importance with a text that invites consideration of importance wholly in isolation.

The motion seeks to lay down a blanket requirement for statements to be made to the House first "on all occasions", without any exceptions or qualifications. Let us consider a recent example. Does the House

[Sir George Young]

seriously imagine that the Government's policy on the advice to be given to British nationals on travel to Iran should not have been announced before the House sat? Equally, the motion contains no recognition that certain market-sensitive announcements must be made when financial markets are closed. For example, a whole series of announcements by the previous Administration about Government support for the banks were made at 7 am. As the then official Opposition, we understood why Parliament could not be told first. If this motion is passed, any Minister making a similar announcement would face an inherent conflict between their obligations in relation to the financial markets and their obligations to this House.

Thomas Docherty: For the sake of clarity, will the Leader of the House therefore confirm that if the motion had specifically excluded financially sensitive information and matters of state security, he would have supported it? Or is this simply a smokescreen?

Sir George Young: First, the motion did not do that and the hon. Gentleman did not table such an amendment. Secondly, if he listens to the rest of what I have to say, he will understand that the Government have other difficulties with the motion.

Similarly, the motion contains no acknowledgement that announcements of policy that are the subject of international agreement must often be made simultaneously and on terms acceptable to the other parties to such agreement. My right hon. Friend the Prime Minister successfully negotiated an agreement among the 16 realms at Canberra about the royal succession, and being able to announce that decision together with other Heads of Government at Canberra was part and parcel of the negotiation. The motion, if agreed to, would limit the Government's ability to reach and announce joint or multilateral agreements—my hon. Friend the Member for Beckenham (Bob Stewart) also made the relevant point about military intervention.

The motion also seeks to establish as a protocol the requirement that any information that forms all or part of an announcement to Parliament should not be released to the press before such a statement is made to Parliament. That would be very difficult to interpret where the development of a policy has gone through several stages, some of them in the public domain. As my hon. Friend the Member for Beckenham pointed out, the inevitable increase in statements, both written and oral, that would result from a blanket interpretation would risk squeezing the House's other business, including Opposition day debates and Back-Bench debates, as well as putting at risk the effective scrutiny of Government legislation. That is one of the central tasks of the House; it is not an optional extra.

Michael Ellis: The ministerial code of conduct makes it clear that all Ministers are equal, even those in the other place, so is the Leader of the House not concerned that this motion is particularly in error because it is silent about the Ministers in the other place?

Sir George Young: My hon. Friend is absolutely correct and I believe that I touched on that a moment or two ago.

The motion would create new, enforceable rules of the House, and that is a novel step. In 1995, the House passed a resolution setting out the principles that should govern the conduct of Ministers of the Crown in relation to Parliament. The resolution referred to broad principles of accountability, and the duty not to mislead Parliament and to be as open as possible. It made no mention whatsoever of a duty to make statements in the House first.

I shall now deal briefly with the process outlined in the motion, which my hon. Friends did not touch on. The first step in any case where a Member believes the standards had been breached—

Sir Paul Beresford: Will my right hon. Friend give way?

Sir George Young: If I may, I will make some progress and then give way.

The first step in those circumstances would be to refer the matter to Mr Speaker. The relevant recommendation of the Procedure Committee says the following about what happens next:

> "If he determined that the complaint was without basis or trivial, it would be open to him to dismiss it."

The motion makes no mention of that. Where a minor breach has occurred, the motion, like the recommendation, refers to Mr Speaker taking steps. But Mr Speaker already has the power to summon Ministers to the House to answer urgent questions—a power used more extensively by this Speaker than by any of his predecessors. One should not underestimate the value of that tool. The former shadow Leader of the House, the right hon. Member for Leeds Central (Hilary Benn), told the Procedure Committee that Ministers take urgent questions very seriously indeed.

A range of other options are already available to the House to hold Ministers to account and can be used as sanctions. Ministers can be cross-examined by departmental Committees, they can be called to account through debate in the House—more so than ever before as a result of the Backbench Business Committee—and there can be a debate, in extreme circumstances, on a motion of censure. Indeed, I recall answering a debate in which it was proposed that my salary as a Minister should be reduced—a motion that, in its wisdom, the House did not carry.

In those circumstances, we oppose the suggestion that it would be a useful addition to give Mr Speaker the power to refer a more serious or complex breach to the Committee on Standards and Privileges. That proposal was made by the Procedure Committee, although I note that the Committee has not published any written or oral evidence to show the views of the Standards and Privileges Committee on the proposal, a point made by my hon. Friend the Member for Mole Valley (Sir Paul Beresford). Given that there is no proposal to change the terms of reference of that Committee, I assume that a referral would be treated as a matter of conduct. The code of conduct, which applies to all Members, contains no reference to the conduct of Ministers. Indeed, this subject was not raised in the recent consultation on the code. Out of the blue, the motion seeks unilaterally to change the principles behind the code before the House has even had an opportunity to review them.

As a former Chairman of the Standards and Privileges Committee, I think that those proposals could conflict with the fundamental role of that Committee, which is to regulate the conduct of individual hon. Members. It is not the function of the Standards and Privileges Committee to enforce the ministerial code and there is a real risk of double jeopardy if two institutions—the Prime Minister and the Standards and Privileges Committee—police the same code.

My right hon. Friend the Member for East Yorkshire, who chairs the Procedure Committee, said that the Government preferred the status quo. That is not quite the case. We proposed a number of reforms to his Committee. First, we suggested that there should be time limits on certain oral statements, so more could be made. That was rejected. Secondly, together with the then Shadow Leader of the House, I expressed an open mind on the proposition that oral statements could be made in Westminster Hall, but the Procedure Committee made no recommendation on that. Thirdly, I proposed that the earliest time for the release of written ministerial statements should be brought forward from 9.30 am to 7 am, which could be coupled with arrangements that the House already has to ensure the prompt availability of such statements on the parliamentary website. The Procedure Committee rejected that suggestion.

The Government are keen to pursue proposals that enable the House and its Members to be informed first of the most important announcements of Government policy in helpful and innovative ways. In the light of recent events, I will remind all Cabinet colleagues of the terms of the code and the strong views of the House in the debate this evening. However, the proposal before us does not take matters forward constructively. It seeks unrealistically to change the standards expected of Ministers and then seeks to subject them to additional policing that muddies the waters surrounding the role of the Standards and Privileges Committee. For those reasons, I urge the House to reject the motion.

6.42 pm

Mr Hollobone: With the leave of the House, and on behalf of the Backbench Business Committee, I want to thank all right hon. and hon. Members who have attended and contributed to this afternoon's debate over the past two and a half hours. In addition to the speeches made by me, the Leader of the House and the shadow Leader of the House, there were nine Back-Bench speeches and some 47 interventions. The hon. Member for Rhondda (Chris Bryant) reminded us that we live in a world with the insatiable beast of 24-hour rolling news and that Government announcements often were not sensitive, but he was worried that Mr Speaker might be drawn into party political warfare.

My right hon. Friend the Member for East Yorkshire (Mr Knight) said that the Government's response to the Procedure Committee's report was highly unsatisfactory, but pointed out quite fairly that there were further recommendations in the report that we are not debating tonight. He also stressed that one of the problems with the ministerial code is that it is up to the judgment of the Prime Minister and that Parliament has no role in enforcing it.

My hon. Friend the Member for Poole (Mr Syms) accused me of harking back to a mythical golden age and quoted Neville Chamberlain on his return from Germany, saying "Peace for our time." My hon. Friend also said that we need "to live in the real world—a world with 24-hour news". He was worried that the protocol would not work.

The hon. Member for Birmingham, Yardley (John Hemming), who has the privilege of serving on both the Backbench Business Committee and the Procedure Committee, urged Ministers to toe the line while visibly crossing the line himself.

My hon. Friend the Member for Mole Valley (Sir Paul Beresford), who is a member of the Standards and Privileges Committee, was unhappy that the Committee had not been involved in the preparation of this motion and said that the debate was too early. He was also worried that the Chamber would get clogged up with lots of minor Government statements on all sorts of different subjects.

My hon. Friend the Member for South Staffordshire (Gavin Williamson), who, I believe, is a Government Parliamentary Private Secretary, said that it was difficult to decide what would be and would not be important as far as Government statements were concerned. He accused those who tabled the motion of not recognising the realities of the present-day news media.

My hon. Friend the Member for North East Somerset (Jacob Rees-Mogg), who serves on the Procedure Committee, placed the debate into an historical context, going back to Queen Elizabeth I. He reminded us that the ministerial code says that the Government have a duty to restore trust in politics, but he also said that a resolution of this House is substantial, solid and dignified, in contrast to the ministerial code, which is merely a lot of waffle around the main theme that Ministers remain Ministers almost whatever they do so long as they enjoy the confidence of the Prime Minister.

In complete contrast, my hon. Friend the Member for Grantham and Stamford (Nick Boles) accused me and the House of being suffused with self-serving piety. I commend him for his forthright honesty in saying that the ministerial code, in his view, was a complete load of rubbish that ought to be torn up and that the Government should be quite open in making their news announcements to the public first without coming to this Chamber. I commend my hon. Friend for his honest approach; I condemn those Members of this House who pretend that this Chamber is where important news ought to be announced while routinely leaking that information to the press.

Finally, we had a contribution from the hon. Member for Dunfermline and West Fife (Thomas Docherty), who reminded us of the former Chancellor of the Exchequer, Hugh Dalton, who resigned for leaking details of his Budget statement. The hon. Gentleman also made a very good point in answer to those who are worried that the Chamber will be clogged up with large number of oral statements about policy announcements: written ministerial statements are perfectly acceptable.

This has been a very well-informed, enthusiastic and interesting debate. For my part, this is not about Conservative versus Labour or Government versus Opposition. It is about this House of Commons, as one part of the Houses of Parliament, holding Her Majesty's Government to account for their decisions and announcements. I leave hon. Members with one thought before we divide: do we want this Chamber to be the centre of the political life of the nation, or should we surrender to the 24-hour news media?

Question put.

The House divided: Ayes 119, Noes 228.

Division No. 407] **[6.48 pm**

AYES

Anderson, Mr David
Ashworth, Jonathan
Bailey, Mr Adrian
Bain, Mr William
Baker, Steve
Beckett, rh Margaret
Begg, Dame Anne
Benn, rh Hilary
Berger, Luciana
Blenkinsop, Tom
Blomfield, Paul
Blunkett, rh Mr David
Brennan, Kevin
Brown, Lyn
Brown, Mr Russell
Bryant, Chris
Campbell, Mr Alan
Campbell, Mr Ronnie
Carswell, Mr Douglas
Chapman, Mrs Jenny
Chope, Mr Christopher
Clarke, rh Mr Tom
Clwyd, rh Ann
Coaker, Vernon
Corbyn, Jeremy
Creagh, Mary
Creasy, Stella
Cryer, John
Cunningham, Mr Jim
Cunningham, Tony
Dakin, Nic
Danczuk, Simon
David, Mr Wayne
Davies, Geraint
Davies, Philip
Docherty, Thomas
Donohoe, Mr Brian H.
Doran, Mr Frank
Dorries, Nadine
Drax, Richard
Durkan, Mark
Eagle, Ms Angela
Eagle, Maria
Elliott, Julie
Engel, Natascha
Fitzpatrick, Jim
Flynn, Paul
Fovargue, Yvonne
Francis, Dr Hywel
Gapes, Mike
Glass, Pat
Glindon, Mrs Mary
Goldsmith, Zac
Greenwood, Lilian
Griffith, Nia
Hamilton, Mr David
Hanson, rh Mr David
Hemming, John
Hilling, Julie
Hodgson, Mrs Sharon
Hosie, Stewart
Hunt, Tristram
Jackson, Mr Stewart
Jamieson, Cathy
Jarvis, Dan
Jenkin, Mr Bernard
Jones, Graham
Jones, Susan Elan
Joyce, Eric
Kaufman, rh Sir Gerald
Lavery, Ian
Lewis, Dr Julian
Llwyd, rh Mr Elfyn
Lucas, Caroline
McCabe, Steve
McFadden, rh Mr Pat
McKechin, Ann
McKinnell, Catherine
Mearns, Ian
Miliband, rh David
Miller, Andrew
Mitchell, Austin
Nash, Pamela
Nuttall, Mr David
Onwurah, Chi
Perkins, Toby
Raynsford, rh Mr Nick
Redwood, rh Mr John
Rees-Mogg, Jacob
Reeves, Rachel
Reynolds, Emma
Reynolds, Jonathan
Riordan, Mrs Linda
Robertson, John
Ruane, Chris
Seabeck, Alison
Shuker, Gavin
Skinner, Mr Dennis
Smith, rh Mr Andrew
Smith, Angela
Smith, Nick
Spellar, rh Mr John
Stanley, rh Sir John
Straw, rh Mr Jack
Stuart, Ms Gisela
Tami, Mark
Thomas, Mr Gareth
Timms, rh Stephen
Umunna, Mr Chuka
Whitehead, Dr Alan
Williams, Hywel
Williamson, Chris
Wilson, Phil
Winterton, rh Ms Rosie
Wishart, Pete
Wollaston, Dr Sarah
Wood, Mike
Wright, David
Wright, Mr Iain

Tellers for the Ayes:
Mr James Gray and
Mr Philip Hollobone

NOES

Adams, Nigel
Aldous, Peter
Alexander, rh Danny
Andrew, Stuart
Bacon, Mr Richard
Baker, Norman
Baldwin, Harriett
Barclay, Stephen
Barwell, Gavin
Bebb, Guto
Bellingham, Mr Henry
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bradley, Karen
Brake, rh Tom
Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew
Brokenshire, James
Bruce, Fiona
Burley, Mr Aidan
Burns, Conor
Burns, rh Mr Simon
Burrowes, Mr David
Burstow, Paul
Byles, Dan
Cable, rh Vince
Cameron, rh Mr David
Carmichael, rh Mr Alistair
Carmichael, Neil
Clark, rh Greg
Clarke, rh Mr Kenneth
Clegg, rh Mr Nick
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Crabb, Stephen
Crockart, Mike
Davey, Mr Edward
Davies, David T. C. *(Monmouth)*
Davies, Glyn
de Bois, Nick
Djanogly, Mr Jonathan
Doyle-Price, Jackie
Duddridge, James
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Fallon, Michael
Featherstone, Lynne
Foster, rh Mr Don
Fox, rh Dr Liam
Francois, rh Mr Mark
Freer, Mike
Fuller, Richard
Garnier, Mr Edward
Garnier, Mark
Gauke, Mr David
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Glen, John
Goodwill, Mr Robert
Gove, rh Michael
Graham, Richard
Grayling, rh Chris
Green, Damian
Greening, rh Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Hames, Duncan
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hands, Greg
Harper, Mr Mark
Harris, Rebecca
Hart, Simon
Harvey, Nick
Haselhurst, rh Sir Alan
Heath, Mr David
Heaton-Harris, Chris
Hendry, Charles
Herbert, rh Nick
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hopkins, Kris
Howell, John
Hughes, rh Simon
Hunt, rh Mr Jeremy
Hunter, Mark
Huppert, Dr Julian
Hurd, Mr Nick
James, Margot
Javid, Sajid
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Kirby, Simon
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lamb, Norman
Lancaster, Mark
Lansley, rh Mr Andrew
Laws, rh Mr David
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Leech, Mr John
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Lloyd, Stephen
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Luff, Peter
Lumley, Karen
Macleod, Mary
Main, Mrs Anne
Maude, rh Mr Francis
May, rh Mrs Theresa
Maynard, Paul
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Menzies, Mark
Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Milton, Anne
Mitchell, rh Mr Andrew
Moore, rh Michael

Morgan, Nicky
Mosley, Stephen
Mulholland, Greg
Mundell, rh David
Munt, Tessa
Murrison, Dr Andrew
Neill, Robert
Newton, Sarah
Norman, Jesse
O'Brien, Mr Stephen
Ollerenshaw, Eric
Osborne, rh Mr George
Ottaway, Richard
Paice, rh Mr James
Parish, Neil
Patel, Priti
Penning, Mike
Penrose, John
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Prisk, Mr Mark
Randall, rh Mr John
Reevell, Simon
Robathan, rh Mr Andrew
Robertson, Hugh
Rogerson, Dan
Rudd, Amber
Ruffley, Mr David
Rutley, David
Sanders, Mr Adrian
Scott, Mr Lee
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Shelbrooke, Alec
Simmonds, Mark
Simpson, Mr Keith
Skidmore, Chris
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Soames, rh Nicholas
Soubry, Anna
Spencer, Mr Mark
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Streeter, Mr Gary
Stride, Mel
Stunell, Andrew
Swayne, rh Mr Desmond
Swire, rh Mr Hugo
Syms, Mr Robert
Teather, Sarah
Thurso, John
Timpson, Mr Edward
Truss, Elizabeth
Uppal, Paul
Vaizey, Mr Edward
Vara, Mr Shailesh
Villiers, rh Mrs Theresa
Walker, Mr Robin
Wallace, Mr Ben
Ward, Mr David
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
Whittingdale, Mr John
Wiggin, Bill
Willetts, rh Mr David
Williamson, Gavin
Wilson, Mr Rob
Wright, Jeremy
Wright, Simon
Young, rh Sir George

Tellers for the Noes:
Oliver Colvile and Penny Mordaunt

Question accordingly negatived.

UK Extradition Arrangements

[Relevant document: The Fifteenth Report from the Joint Committee on Human Rights, The Human Rights Implications of UK Extradition Policy, HC 767.]

7.1 pm

Mr Dominic Raab (Esher and Walton) (Con): I beg to move,

That this House calls upon the Government to reform the UK's extradition arrangements to strengthen the protection of British citizens by introducing as a matter of urgency a Bill to enact the safeguards recommended by the Joint Committee on Human Rights in its Fifteenth Report, HC 767, and by pursuing such amendments to the UK-US Extradition Treaty 2003 and the EU Council Framework Decision 2002 on the European Arrest Warrant as are necessary in order to give effect to such recommendations.

First, may I thank the Backbench Business Committee chaired by the hon. Member for North East Derbyshire (Natascha Engel) for granting this debate? Her Committee is proving to be a shot in the arm for Parliament and our democracy. I also wish to thank the cross-party sponsors of the motion, the right hon. and learned Member for North East Fife (Sir Menzies Campbell), the Chairs of the Joint Committee on Human Rights and the Home Affairs Committee, and the many, many MPs on all sides of the House who signed and support the motion.

The debate was scheduled at relatively short notice, so the right hon. and learned Member for North East Fife and the Chair of the Home Affairs Committee are not here. The right hon. and learned Member for North East Fife is leading a parliamentary delegation in Washington. The Chair of the Home Affairs Committee is also engaged but will join the debate later. Both spoke passionately in the Westminster Hall debate on 24 November. Both asked that I reiterate their firm support for the motion this evening.

The issue before us is technical and legalistic but, at its core, it is about the price we place on the liberty of our citizens, and the value we ascribe to that cornerstone of British justice, innocent until proven guilty. It is not about abolishing extradition, which is vital to international efforts in relation to law enforcement. It is about whether, in taking the fight to the terrorists and the serious criminals after 9/11, the pendulum swung too far the other way. I want to praise the Minister and the coalition for their efforts to defend our freedoms and their achievements to date, and for taking seriously the case for extradition reform. My purpose today is to encourage their best instincts and inject a dose of common sense into the blunt extradition regime that we now have in place.

What went wrong? Let us take, first, the UK-US treaty of 2003. Much has been made of the different evidential thresholds. The review by Sir Scott Baker concluded that there was "no significant difference" between the two tests, probable cause and reasonable suspicion. For my part, I do not believe there is a massive difference between the paper legal tests, but that does not mean that their operation is symmetrical. As Alun Jones QC, who represented the Spanish Government during the Pinochet case, argued and points out in *The Daily Telegraph* today, an American citizen who is subject to an extradition warrant in the US has the constitutional safeguard that a judge must examine

[Mr Dominic Raab]

the evidence. In this country, a short recitation of the allegations suffices. That is a very real and important imbalance.

Richard Ottaway (Croydon South) (Con): I am grateful to the hon. Gentleman. He says that he believes the evidential test to be higher in the USA than it is in the United Kingdom. Will he acknowledge, however, that the United States has not refused a single request since the treaty was introduced?

Mr Raab: I thank the hon. Gentleman for his intervention. I will take his word on that data, but the key distinction that I am making is between the paper legal test and how it actually works. We are not going to be ivory tower academic lawyers about this. Let us understand the impact on the people affected.

Mr David Davis (Haltemprice and Howden) (Con): Let me correct the record. The Americans may not have refused any British applications for extradition, but they have refused to provide witnesses in other countries' cases, which has led to broken trials.

Mr Raab: I thank the right hon. Gentleman for that clarification.

In practical terms the arrangements are unbalanced too. On the latest data available—I thank the Immigration Minister for his letter correcting earlier replies to parliamentary questions—29 UK nationals or dual nationals were extradited from Britain to the US since 2004. Five Americans were extradited from the US to Britain.

Obviously, states extradite their own nationals and third parties as well, but we in the House are rightly concerned about the treatment of those removed from the home country. In front of the Foreign Affairs Committee, the US ambassador disputed some of the earlier data that I spoke to in the Westminster Hall debate, complaining about untrue accusations being made by MPs and adding:

> "The constant use of skewed arguments and wilful distortion of the facts by some to advance their own agendas remains of great concern to the United States".

If there is any dispute about the facts it is not with me or any Member of this House, but with Ministers from the previous Government who failed to record consistently data on the issue between 2004 and 2007. I emphasise that all the figures cited today and in the previous debate were from Government replies to parliamentary questions. Neither the ambassador nor the US embassy, when I later followed up, were able to correct the figures with data based on their own records, so I find it regrettable that the charge of

> "wilful distortion of the facts"

is being bandied around without His Excellency being in command of a few of his own.

Jesse Norman (Hereford and South Herefordshire) (Con): I am greatly enjoying what my hon. Friend is saying. I am a thorough supporter of the idea that the extradition rules should be reviewed, but I am still grappling, in the American case, with the difference between the two tests. Will he give us a sense of how they might come apart?

Mr Raab: The fundamental question is the difference between reasonable suspicion and probable cause. As paper tests, I do not think there is an enormous amount of difference between them, but as Alun Jones QC, whose article in *The Daily Telegraph* I commend, has spelled out, the practical operation—the judicial scrutiny that is available in the US because of the US constitutional guarantees—is higher. That is the key difference.

For all the talk of the evidential burden and the question of reciprocity, in my view, the critical issue in the US arrangements is forum. That is the label for how one decides where, in cross-border cases, the appropriate jurisdiction lies. The Gary McKinnon case is the leading case attracting great controversy at present. At root it is about the injustice in dispatching someone with Asperger's syndrome hundreds of miles from home on allegations of computer hacking when he was apparently searching for unidentified flying objects. Gary McKinnon should not be treated like some gangland mobster or al-Qaeda mastermind.

Steve McCabe (Birmingham, Selly Oak) (Lab): I congratulate the hon. Gentleman on his efforts to secure the debate. Does he agree that whatever the outcome of the debate tonight, it would be helpful if the Government Front-Bench team gave us an update on the Gary McKinnon and Babar Ahmad cases, given that they have been so closely involved in them in the past?

Mr Raab: I thank the hon. Gentleman. It would certainly be useful to have an update on the cases that have attracted so much limelight and controversy.

More generally, we ought to have some discretion in this country to prosecute such cross-border cases here. Jurisdiction ought to be decided transparently, by independent courts, according to clear legal rules, not by prosecutors haggling behind closed doors. That is why the idea of guidelines for prosecutors does not go far enough. Of course, the legislation is already in place under the Police and Justice Act 2006. Let us bring it into force and take the political heat out of these cases, which I respectfully suggest would be in the interests of both countries. The previous Government enacted that legislation, so it is difficult to understand why Labour Front Benchers might seek to block it by opposing the motion.

Stephen Timms (East Ham) (Lab): Many constituents have raised with me the Babar Ahmad case, which my hon. Friend the Member for Birmingham, Selly Oak (Steve McCabe) mentioned. Will the hon. Gentleman clarify what effect he understands his motion, if agreed to, will have on pending cases, as opposed to future cases?

Mr Raab: I thank the right hon. Gentleman for his question. The short answer is that it is not clear. There has been talk about whether it might have some impact on the Babar Ahmad case, and indeed the Gary McKinnon case, but the truth is that it is not clear, and from this position I cannot give legal advice on individual cases.

Steve Baker (Wycombe) (Con): My hon. Friend makes his case with great erudition and I have every admiration for him, but I would like to return to something he said earlier about the practical import of the matter. Does he agree that, whatever the measure's impact, it is essential that never again must anyone spend seven years in prison awaiting extradition?

Mr Raab: My hon. Friend is of course right. That must be a point of principle, even when serious allegations have been laid.

The proposed change in the law might not even necessitate amendment of the treaty. Nevertheless, given its disproportionate value to our American friends, it is inconceivable that they would refuse if pressed to change the treaty. I also note that in the US's extradition treaties with Brazil, Mexico and Australia, to name a few, those countries retain the right to decline extradition in those and far wider circumstances as it affects their nationals. Is it so unreasonable for Britain, a stalwart ally, to ask for that rather modest adjustment?

Caroline Lucas (Brighton, Pavilion) (Green): With regard to an earlier intervention, it might be helpful to the House if I explained that the legal advice I have received—I know that there is plenty of legal advice on all sides—indicates that if it can be demonstrated that there were original flaws in the Babar Ahmad case, as I believe it can, the outcome of the vote could be particularly relevant to that case.

Mr Raab: I thank the hon. Lady for shedding light on some of the legal advice on that.

In my view, the regime in place under the European arrest warrant suffers from far more serious and widespread flaws than the UK-US arrangements, despite the important concerns that have been raised in that regard. If we consider the appalling treatment of Andrew Symeou, we will see the egregious nature of the flaws in the system. Greek police beat identical statements out of witnesses, which were later retracted, and Andrew spent practically a year in appalling prison conditions. He was left with a flea-ridden blanket in a baking-hot cell crawling with cockroaches and was abused by guards. He witnessed a prisoner being beaten to death for drug money. The trial proceeded at a crawl, with translators who spoke little English. Eventually he was cleared after a two-year ordeal.

Nick de Bois (Enfield North) (Con): My hon. Friend is making an excellent argument. He refers to my constituent, Andrew Symeou. Not only did Andrew go through all that before eventually being freed, but the human price his family paid was shocking. They had to put their lives on hold for up to four years, including two years in Greece.

Mr Raab: I thank my hon. Friend for his intervention. Andrew's father, Frank, gave evidence to the Joint Committee on Human Rights, and I am sure that we will hear from the Chair of the Committee later. The damage done and the human suffering not only to the direct victims, but to their families, are very clear. One of the major flaws of the Baker review is that it did not talk to or take evidence from the victims or their representatives.

Jesse Norman: Further to the point about the case of Andrew Symeou, when the European arrest warrant was introduced, did the introducing authorities look at the standards of law, order and punishment across the European countries in order to assure themselves that such conditions could not occur?

Mr Raab: I thank my hon. Friend for his intervention. I will move on to the level of scrutiny later, but the short answer is that the level in that case was not nearly high enough. The question today is whether we in this House have the will to stand up and ensure that the trauma of the Symeou case and many others is not inflicted on other innocent people. Let us be very clear that Symeou was innocent, as are many of the victims under the European arrest warrant.

The Symeou case exposes the fatal flaw in the European arrest warrant. Fast-track extradition in the EU—I think this will answer my hon. Friend the Member for Hereford and South Herefordshire (Jesse Norman)—is based on a leap of faith and an assumption that all European justice systems are of a decent standard. That assumption is a sham. The justice systems in many European countries are well below any acceptable minimum standard. The Baker review proposed no safeguards to prevent a repeat of such miscarriages of justice. The report expressed the aspiration that penal conditions and justice systems across Europe will get better in time. In fact, standards of justice in some of the countries concerned are getting worse. According to Transparency International's corruption perception index—just one benchmark, but an important one—corruption is getting worse in Greece, Hungary, Italy and Bulgaria. Even if standards of justice improve across Europe, as we all hope they will, our duty is to protect our citizens today, not in five or 10 years' time. That is why it is important to take action now and not accept the "hit and hope" counsel of the Baker review.

The Baker review failed to take evidence directly from the victims and hear about the trauma that innocent people and their families have been through. In contrast, the Joint Committee on Human Rights, chaired by the hon. Member for Aberavon (Dr Francis), took evidence from a range of victims, including Frank Symeou, Deborah Dark, Michael Turner and Edmond Arapi.

Angie Bray (Ealing Central and Acton) (Con): I am very much in sympathy with what my hon. Friend is saying. What is the balance between the number of Europeans who are extradited to the UK and the number of British citizens who are extradited to other European countries?

Mr Raab *rose—*

Madam Deputy Speaker (Dawn Primarolo): Order. The hon. Gentleman has been very generous in giving way, but before he replies I gently remind him of the time limit that will apply in the debate and that his introductory remarks were supposed to take about 10 to 15 minutes.

Mr Raab: Thank you, Madam Deputy Speaker. I will make progress. The short answer to my hon. Friend the Member for Ealing Central and Acton (Angie Bray) is that I am moving on to that point.

[Mr Raab]

Each of the victims had a story to tell about the Kafkaesque operation of the European arrest warrant. In none of those cases have any alleged crimes been upheld, and in this country I believe that we still call that innocent. In the case of Michael Turner, a business man accused of defrauding administration fees in Hungary, six years after the alleged offence took place Hungarian prosecutors have still not even charged him with any crime whatever. That warrant was a fishing expedition—no more, no less. If we do not put in place some basic check as the tide of warrants rises, there will be more of those injustices. The case for reform is overwhelming and the starting point should be the recommendations of the Joint Committee. No one is talking about tearing up the European arrest warrant altogether; we are talking about adding some safeguards enumerated in the report. If we do not put some basic checks in place, we are inviting worse to come.

To answer my hon. Friend the Member for Ealing Central and Acton, according the EU Council Secretariat Britain now receives a third of all European arrest warrants, four times more than France and 15 times more than Poland. The number of surrenders is rising. In 2004, 5 British citizens were surrendered in a year, but last year the figure rose to one a week. The case for reform is clear. We must put in place some basic checks so that we can ensure that the innocent are not swept along with those whom we of course want brought to justice.

It is important to stress that no one is suggesting that we should let criminals go free. We want the introduction of basic safeguards. They might add a small delay in some cases, but they will not prevent a single criminal being brought to justice. Let us be crystal clear that there is no law enforcement dividend from selling out the innocent. The motion before us calls on the Government to introduce legislation to remedy the situation. Of course Parliament cannot tie its own hands. The JCHR recommendations should be the benchmark and any legislation must go through proper scrutiny procedures.

At the international level, the motion calls on the Government to pursue renegotiation of the arrangements with our American and European partners. The legislature is not demanding the impossible of the Executive. I hope that the Opposition will support us in this. The Leader of the Opposition has strenuously made the case, with regard to civil liberties, that:

> "We should always take the greatest care in protecting them... too often we seemed casual about them. I won't let the Tories or the Liberals take ownership of the British tradition of liberty."

Those are fine words that he will be held to this evening.

I acknowledge the work of the Baker review. Judges and lawyers can give their legal opinions, but ultimately it is Members of this House, as elected law makers, who will decide. Each of us bears the responsibility to protect the liberty of our citizens and defend British justice, and I commend the motion to the House.

Several hon. Members *rose*—

Madam Deputy Speaker (Dawn Primarolo): Order. There are time constraints on this debate, and a large number of Members—as you can see, if you would like to resume your seats—wish to take part. Therefore, there is going to be an eight-minute time limit on Back Benchers' speeches from now, but that will have to be reviewed if we look as if we are not going to get in every contribution.

7.20 pm

Mr David Blunkett (Sheffield, Brightside and Hillsborough) (Lab): I congratulate the hon. Member for Esher and Walton (Mr Raab) on obtaining the debate. I shall try to respond briefly in the spirit of accord that we have created over the past few days, including on the broadcast media.

I had the unenviable task of agreeing the framework agreement on the European arrest warrant and the renewed treaty with the United States. When someone has Baroness Helena Kennedy and the *Daily Mail* on their back, they really do need to be on the ball, so I have re-read a lot of material, including Justice Scott Baker's review, and it is worth those who follow parliamentary debates getting on the website and taking a good look at it.

The review may have flaws, but it is an extraordinarily good examination of precisely what was agreed, what has happened and, therefore, the reality of decisions taken and how they compare, for instance, with the Extradition Act 1989 and European convention rights, which are currently being tested by Babar Ahmad, because his case has gone to Strasbourg. In the case of Gary McKinnon, a review of the medical evidence is taking place for a report back to the Home Secretary, so high-profile cases are being dealt with almost outside, and in addition to, the procedure that we are debating tonight. In other words, the process is being exhausted and carried further, as it should be in cases of controversy and in extenuating circumstances.

Mr David Burrowes (Enfield, Southgate) (Con): The right hon. Gentleman raises the issue of Gary McKinnon, my constituent, and makes a new point, because I understand that he made representations for Mr McKinnon to stand trial via a TV link from this country and, if convicted, to serve his sentence here. Does that not make the case for a forum bar, which would enable such considerations to be transparent, rather than conducted perhaps privately, as the previous Home Secretary did?

Mr Blunkett: The forum bar carries forward convention rights and changes the balance, as Scott Baker's review indicates. Although I do not disagree with a great deal of the report by the Joint Committee on Human Rights, I note that elements of it would not only prolong the process—it has been mentioned already that some people have been awaiting extradition for a very long time—but alter the balance that we are trying to achieve.

If I were negotiating the 2003 treaty and the accompanying Extradition Act 2003 again, I would want a codicil, detailing alongside the treaty the nature of the process in order to assure people that there was a clear balance between the processes adopted in the United States and here.

In 2009 and 2010, I had the opportunity, which I took up privately, to visit the US Department of Justice. I kept it private for two years, because, in reporting back to the Home and Justice Secretaries under the previous and current Governments, I felt that there was some progress to be made by stating the views of the

Department of Justice, as indicated to me, on the possibility of taking decisions about any trial, the nature of any sentence and whether, if applied, it might be served in this country.

Those are difficult issues, because we should not presume that somebody would be found guilty. The hon. Member for Enfield, Southgate (Mr Burrowes) is close to Mr McKinnon's case, so he will be familiar with Lord Justice Stanley Burnton's commentary on it, and there is undoubtedly the major issue of medical evidence, which is under examination.

Let me deal briefly with where we should be going. We should return to the issues relating to the European arrest warrant, because, as we have just heard spelt out, extradition arrangements have been distorted in cases from eastern Europe to Greece, partly because there has not been a de minimis rule on sentences and, therefore, whether it applies; because people have been returned to—rather than dealt with originally—years after the case arose; and because EAWs have been presented to people outside the United Kingdom when no attempt has been made to serve a warrant inside. All those matters need reviewing for the sake of the sensible application of justice, because once people feel that justice is not being applied, as we have seen from campaigns and in tonight's debate, justice is questioned.

On the American issue, however, I shall talk about not just balance, but the rule of law, because we must have sensible arrangements that do not rest on whether we think an individual's case is a good one. The Americans quite rightly put to me, "What about Abu Hamza? Whose hands are going up for a type 1 diabetic who is a double amputee, and for his associate, who is alleged to be bipolar? Who feels they ought to run such campaigns on their behalf to stop extradition?" How do the United States see the issue when they are trying to ensure that principles are applied and a precedent not set which would then create complete havoc in the justice system? The rule of law has to apply equally and sensitively, but it has to include rules to which we can all adhere.

The NatWest three, or the Enron three as the Americans prefer to call them, were totally innocent according to their campaigns, and even I began to be convinced that they were, until of course they reached the United States and pleaded guilty.

John Hemming (Birmingham, Yardley) (LD): The Enron three told me that if they pleaded not guilty in America and were found guilty they would get 35 years, but that if they pleaded guilty they would get five years. They were concerned about being forced into pleading guilty in America.

Mr Blunkett: That is often undertaken—albeit not to the degree that has just been described—in our court system to ensure that people can enter a plea bargain, so it is not unfamiliar to any of us.

Charlie Elphicke (Dover) (Con): Will the right hon. Gentleman give way?

Mr Blunkett: I will not give way any more, because I will lose time.

On the American treaty, there is therefore room for negotiation on the side to take account of my central point: we live in an entirely different world with cyber-attacks. Cyber-attacks from our country on installations in our country can easily be dealt with, but cyber-attacks from a country on the installations or businesses of another country, such as the Pentagon, raise all sorts of issues about how we go forward.

There are rogue and emerging states in terms of cyber-attack and cyber-terrorism to which we would certainly not want to say, "Please would you try the individual in the state from which the attack took place," and, as such attacks are trans-border and affect installations throughout the world, we need to sit down and work out how we deal with that entirely new eventuality, which affects people across the globe. If we do not, we will rue the day.

With an agreement between prosecuting authorities, it would be perfectly feasible to use video conferencing so that the accused could not only take part in the trial and be questioned, but view the trial and, if found guilty, serve their sentence in a friendly state, where everyone agreed that conditions were acceptable. Let us have the further review on the back of Scott Baker. We have had the review that people wanted, and they do not like it. By all means let us keep reviewing it, but let us do so with a degree of common sense and balance, in the spirit of this debate.

I am aware that there will not be a vote this evening. I know that the Government will take this seriously, but I also know that they will have to govern and they will have to do business with a friendly state where the judicial system is free, open and based on rights, and we should respect it as such.

7.30 pm

Mr David Davis (Haltemprice and Howden) (Con): It is a particular pleasure to follow the right hon. Member for Sheffield, Brightside and Hillsborough (Mr Blunkett). He and I crossed swords many times when he was Home Secretary. I am not remotely surprised to hear his reasonable tone in this debate or to hear of his compassionate action on Gary McKinnon, as both are entirely in line with his character. What is more, I can understand only too clearly why he took the stance that he did in the early 2000s, because at that time the extradition situation around Europe and elsewhere was a mess, and it was sometimes very difficult to get people extradited from other countries. It is therefore wholly unsurprising that after 9/11 he took the action that he did. That does not mean that I agree with him about that action, but it is entirely understandable that it was taken. The House will not be surprised that I think it went too far because of, in my view, the pre-eminence of justice in this matter. There is a balance between justice and security, but security without justice is a very fragile security. It is our job to defend our lives and way of life, and in this respect I do not think that we have done so.

Unlike my hon. Friend the Member for Esher and Walton (Mr Raab), I do not speak as a criminal lawyer. What I am about to say is no doubt obvious to all criminal lawyers, but not necessarily so to the rest of us who are laymen. Let me make a simple point. In this country, we presume innocence. That has all sorts of implications that we do not think about most of the time. For example, it means that unless there is a threat to a jury, an ongoing threat to the public, or a risk of absconding, we generally give bail—we do not imprison people who are awaiting trial if we can avoid it. If we do

[Mr David Davis]

imprison someone, we put them on remand, where they are treated as innocent. They wear their own clothes; they are not made to work; they are called "Sir": all sorts of things apply to prisoners on remand that do not apply to other prisoners, either in this country or, indeed, abroad. The presumption of innocence has a distinct effect on how we treat people.

Let us compare that with people who are extradited. They feel as though they have been deported. They are in a foreign prison, often with lower standards; my hon. Friend referred to that in terms of Greece. They are not only in a different culture, but often surrounded by people speaking a different language. They are, in effect, in psychological isolation; one might think of it as psychological solitary. They are often thousands of miles away from their family. They are viewed as an alien in the institution in which they are held. That, of itself, is a very serious punishment of people we are presuming innocent at this stage of the process.

In addition, such people face a different justice system; I will describe it only as lightly as that. As was alluded to in the context of the NatWest three, this is a justice system that is not above saying, "Here is a plea bargain. Either you plead guilty or you're going to stay in this nasty Texan jail for the next two years while we think up the case against you." That is different from what they face here—and, frankly, I do not think that it is justice. At worst, it is a justice system that is actually corrupt, as we have seen in Greece. Although I understand the ex-Home Secretary's point of view, this was not new to us even when the EAW was created. I had a constituent who was one of the plane spotters and who was locked up, in effect, for political reasons and not given what I would judge to be anything like a fair trial—and, of course, he was tried for doing something that was not illegal in this country. That is, at this stage, how we treat people who are presumed innocent under our system.

John Hemming: I very much agree with my right hon. Friend. Does he agree that that supports a strong argument that, where possible, any prosecutions where there are alternative forums should be in the home forum?

Mr Davis: I entirely agree. That is very much the thrust of what I will say in the next few minutes.

Let me come back to the thought process behind this—the intent behind what the then Home Secretary was trying to achieve, with which, as I said, I sympathise. The EAW, the extradition treaty and the 2003 Act were all aimed at dealing with terrorism. What has been the consequence of that? A parliamentary answer told us that between 2003 and 2009 there were 63 extraditions to the USA, of which precisely one involved a terrorist. A number of the others involved serious crimes—although I have to wonder about the two people who were extradited for "satellite signal theft"; Rupert Murdoch's reach is obviously longer than I thought—but there was only one terrorist extradition. When I looked at it the other way around—extraditions from the Americans to us—I was unable to find any record of terrorists being extradited here. I asked people in the Library to look at it for me. They searched through all the available records and could not find any examples. We should keep in mind that the rather draconian process that we have, which was put in place to defend us against terrorism, does not appear to have had much impact in that respect. In practice, the outcome is much more mundane. The truth of the matter is that we will have far more Gary McKinnons extradited than Osama bin Ladens.

Because of the terrorist problem, the international crime problem, and the pressure for a fast agreement, we have left out some proper protections in the agreements that we have made, particularly with America. Debating this when he was in opposition, the current Attorney-General said that

> "we chose in the 2003 Act, bizarrely, to get rid of the protection that existed in article 7(1) of the 1957 convention on extradition, which allowed an extradition to be prevented if the person was being sent to an inappropriate forum for the trial...Every other country has that safeguard. The Irish, who regard themselves as close partners and friends of the United States, and who have an extradition arrangement, have a forum clause in their treaty, which enables the question of the appropriate forum to be considered."—[*Official Report*, 12 July 2006; Vol. 448, c. 1419.]

He is right. Not only the Irish, but Norway, Switzerland, Holland, France and Germany all have such provision. In fact, the Germans' law will not allow the extradition of any of their citizens outside their country. Similarly, two Commonwealth countries—Australia and New Zealand, two of America's closest allies in the war on terror—have total discretion over who among their own nationals they allow to be extradited. The idea that we are somehow at odds with the accepted—and, indeed, acceptable—approach among the western nations in their battle with terrorism is nonsense.

Mr Blunkett: On 16 December 2004, the idea of treating one's nationals, as opposed to overseas citizens, differently in this country was ruled out by the House of Lords. I should know, because section 4 of the Anti-terrorism, Crime and Security Act 2001 was at stake.

Mr Davis: I am sure that the right hon. Gentleman is right. My point is that we are dealing with the situation as it is now and what is acceptable among the anti-terrorist community, if I might put it in those terms, and I am afraid that what is acceptable is something far tougher than we have been claiming.

Let me look at the other side—American reciprocity. Much of this is about reciprocity, so how have the Americans behaved? My hon. Friend the Member for Croydon South (Richard Ottaway), who is the Chairman of the Foreign Affairs Committee, asked how many cases have been refused. I have worked in the murky world of international relations in the Foreign Office, and I know that the number of requests refused is zero—but of course it does not work like that. If one wants to turn something down, one rings up one's ally and says, "Would you mind withdrawing it?" The US subsequently withdrew 5% of its applications, whereas we withdrew 20% of ours. I wonder why. I do not think that the Americans can claim a very great moral high ground in terms of reciprocity. Indeed, the attitude taken to that by many countries, including Canada, Spain, France, Germany and Italy, has traditionally been much more robust than ours.

So what should we do? My hon. Friend the Member for Esher and Walton has made this point in some detail, so I will be quick. We should change the forum arrangements. They should pay proper attention to not

accidentally punishing the innocent or over-punishing those guilty of minor crimes. I do not know why the Americans should think it better for Gary McKinnon to spend two years in an American prison than for two American witnesses to spend two weeks in a hotel in Britain while the case is tried. We should have prima facie evidence requirements so that we do not repeat the Symeou experience of somebody spending a year in a foreign prison before eventually being proven innocent. Finally, we should introduce a filter for cases that are acceptable using dual criminality, seriousness and timeliness, so that justice does not become so heavy handed that it tips over into being injustice.

7.40 pm

Dr Hywel Francis (Aberavon) (Lab): It is a great pleasure to follow the right hon. Member for Haltemprice and Howden (Mr Davis) and my right hon. Friend the Member for Sheffield, Brightside and Hillsborough (Mr Blunkett). It is striking that they both spoke, in essence, about what I will concentrate on this evening, which is the way in which the debate in Westminster Hall and the debate this evening have arrived at a consensus for reform on this major issue.

I congratulate the hon. Member for Esher and Walton (Mr Raab) on securing this debate, just as I congratulated him two weeks ago when he secured the debate in Westminster Hall. He is a stalwart member of the Joint Committee on Human Rights and he is beginning to call me comrade. I also thank the Backbench Business Committee for agreeing to this debate, following the recent and successful Westminster Hall debate, which showed such impressive, unanimous support for extradition reform and for strengthening the human rights of UK citizens, as recommended in my Committee's report earlier this year.

I remind Members that this debate is about human rights. My purpose is simple: it is to give the motion my full support as Chair of the Joint Committee on Human Rights. I do so officially on behalf of the Joint Committee. I confirm that the motion embraces all the key recommendations of the Committee's report, which was adopted unanimously. I got the sense that the two previous contributions endorsed the recommendations of my Committee. We await the Government's response to our report and to the Baker review. Perhaps we will get a response this evening.

I respectfully suggest that there is a way forward for the Government. I believe that it will emerge in this debate, if it has not done so already. The debate will draw out the positives of the report by the Joint Committee on Human Rights and the Baker review. Notwithstanding the criticisms of the Baker review, I think it is fair to say that there is a degree of consensus between the two. Without going into the details, I believe that there is consensus on legal representation, proportionality, a road map for suspects' rights, the removal of European arrest warrant alerts, excessive pre-trial detention, time limits, people serving sentences in the UK, which many speakers have mentioned, and the Secretary of State's discretion. The Government should see the merit of proceeding with that consensus as a starting point.

Beyond that, the Government should look carefully at the big fairness and human rights issues on which my Committee is more unequivocal and forthright, such as rebalancing the US-UK treaty, mistaken identity and the use—or, as I would say, the misuse—of the European arrest warrant as an aid to investigation, which is sometimes a travesty of justice.

I cannot recall a time in the decade since I entered the House when there has been such unanimity across the Back Benches. For that unanimity to be achieved on such a major policy area as the human rights of our citizens is gratifying to me as the Chair of the Joint Committee on Human Rights, particularly given that extradition engages so many fundamental human rights, such as the prohibition of torture and inhuman or degrading treatment, the right to liberty and security, the prohibition of discrimination, the right to respect for private and family life and, most fundamentally of all, the right to a fair trial. I believe that all Members are united in striving to achieve those fundamental human rights and long may that continue, throughout the length of this Parliament and beyond. I will end, Madam Deputy Speaker, by paraphrasing one of your great heroes and a fellow feminist, Eleanor Roosevelt, who was a great champion of human rights. She asked: if we do not defend human rights in our own back yard, how on earth can we fight for human rights universally?

7.46 pm

Conor Burns (Bournemouth West) (Con): I congratulate my hon. Friend the Member for Esher and Walton (Mr Raab) on securing this debate. He has shown his usual tenacity and principle, which are becoming his hallmark.

It is a bit of a relief, on this one-line Whip, to escape the burdens of PPS-dom and speak out on something about which I have felt passionately for some time. I have recently written a pamphlet entitled "The case against the European arrest warrant", which will be published shortly.

I will not trespass on my time by speaking a lot about the United States, except to place on the record my support and sympathy for Gary McKinnon and his family, who in my judgment have been badly treated. The public share that view strongly.

I will concentrate on the European arrest warrant. My hon. Friend's motion is moderate in calling on the Government

"to reform the UK's extradition arrangements to strengthen the protection of British citizens".

As the hon. Member for Aberavon (Dr Francis) said, there is an emerging consensus in this House that that is something the Government should do.

The political and emotional context in which the European arrest warrant emerged after the desperate events in New York on 11 September has been alluded to. In evidence to the Joint Committee on Human Rights at that time, the Liberal Democrat MEP Sir Graham Watson, who was chairman of the European Parliament's justice and home affairs committee, said that

"the proposal would still be on a shelf gathering dust if it hadn't been for the events in New York... Mr. Bin Laden helped make it a reality".

There is a great deal of truth to that.

The workability of the European arrest warrant hinges on the principle of reciprocity between our courts and the courts of other countries. I will not dwell on this point because my right hon. Friend the Member for

[Conor Burns]

Haltemprice and Howden (Mr Davis) and my hon. Friend the Member for Esher and Walton spoke passionately about why that is not a reality.

Another element that is central to making the European arrest warrant work is proportionality in its application. On 9 January 2007, the presidency of the European Council delivered a communiqué to the body's working party on co-operation in criminal matters, examining the application of the proportionality principle in matters relating to the European arrest warrant. Article 5 of the pre-Lisbon treaty on the functioning of the European Union stated that the proportionality principle is applied in respect of the four freedoms of the European Union, chiefly the free movement of goods, services, persons and capital. The treaty stated, however, that

"any action by the Community shall not go beyond what is necessary to achieve the objectives of the Treaty."

It is surely clear that in its application, the European arrest warrant has gone well beyond proportional use.

Let us look at some of the examples of warrants being issued. They have been issued in respect of offences such as the possession of 0.4 grams of cannabis, 1.5 grams of marijuana or three ecstasy tablets, the theft of two car tyres and even the theft of a piglet. There was also the case of a person arrested while driving a car with a blood alcohol level of 0.81 mg, compared with a UK limit of 0.80 mg. The problem has been recognised even by the European Commissioner with responsibility for justice, fundamental rights and citizenship. She stated last November that

"European arrest warrants should not be issued mechanically, or automatically, for crimes that are not very serious such as bicycle theft."

Then there is the question of the number of European arrest warrants issued, which is also central to the application of the system. In 2009, the total number of arrest warrants issued was 14,789. My hon. Friend the Member for Esher and Walton will doubtless be aware that Bulgaria, Hungary and Italy were unable to provide figures for the number of arrest warrants issued in their countries. That backs up his point about the differences between systems. Poland issued 4,844, and France, a similar-sized country to the United Kingdom, issued 1,240. In the United Kingdom, we issued a mere 220.

We can also examine where those citizens were living when the warrants were issued. Despite the United Kingdom being in the bottom quarter of issuers of warrants, those issued against people in the UK represented 38.8% of all the warrants issued across the whole European Union.

Mr David Davis: Top of the league.

Conor Burns: Indeed.

There is a fundamental question whether the European arrest warrant is compatible with habeas corpus as we understand it in this country. The excellent Lord Vinson of Roddam Dene challenged the Home Office Minister then responsible in the other place, saying:

"The fact remains that hundreds of UK citizens are being compelled to appear before any EU court without the merit of the often frivolous charges being first assessed. They can be locked up without pre-trial. Is she not concerned that this totally overrides the ancient liberties of the British citizen enshrined in Magna Carta and habeas corpus? Will she assure the House that this will be resolved?"

The then Minister, Baroness Neville-Jones, responded:

"My Lords, the Government are concerned...with the disproportionate use of the European arrest warrant for trivial purposes."—[*Official Report, House of Lords*, 26 January 2011; Vol. 724, c. 955-56.]

That is another example of the consensus that is emerging across Parliament.

Then there is the question of the principle of dual criminality. Under the European arrest warrant, British citizens or those living in the United Kingdom can be extradited to another European country for crimes that may not necessarily even be offences under United Kingdom law. That concern was raised by the Home Affairs Committee in its report on the application of the European arrest warrant of November 2002. The Committee stated that it had

"grave concerns about the abolition of the dual criminality safeguard. The variety of criminal justice systems and of legislative provisions within the member states of the EU makes it difficult for us to be...confident...that it will be acceptable in all circumstances for a person to be extradited from the UK to face proceedings for conduct that does not constitute"

a crime in the UK. The fact that the European arrest warrant could necessitate a British court extraditing a British citizen for something that would not be illegal in the UK represents an entirely unacceptable incursion into our British criminal justice system.

I am not a lawyer. I think my constituents regard being a politician as crime enough without being a lawyer as well, but to be a law-maker one does not have to be a lawyer. Most of my constituents are not lawyers either, but they smell that something is not right in the exercise of the European arrest warrant. They want the British Government to stand up for British citizens, and they want the freedoms and protections under the law that we have cherished for years.

7.54 pm

Mr Andrew Smith (Oxford East) (Lab): I join in the congratulations given to the hon. Member for Esher and Walton (Mr Raab) and other colleagues on securing the debate. I believe that our extradition procedures need to be kept under review and protection afforded against the abuses and potential abuses that others have mentioned.

Like many constituents who have contacted me, I sympathise with Gary McKinnon for his plight and agree that if he is to face trial, it would be much better if it could be in the United Kingdom, where the alleged offence occurred. I take the points that my right hon. Friend the Member for Sheffield, Brightside and Hillsborough (Mr Blunkett) made about the wider challenges that we face in the global context, and about how we all have to focus on addressing those challenges.

I also wish to add my voice to those of Members who have raised the case of Babar Ahmad. It cannot be acceptable that someone is held without trial for as long as he has been. To pick up on a point that was made earlier, it is encouraging that if there is a change to the law, it will affect pending cases, so he will no longer face the uncertainty of not knowing what will happen to him, or even when he will find out what will happen to him.

Given the limited time, I want to focus on the case of one of my constituents, Mr Benny Wenda. Benny was granted refugee status in the United Kingdom in 2003 as a result of his well-founded fears of persecution by the Indonesian Government, who disapprove of his activities advocating self-determination for the West Papuan people. He has subsequently been granted British citizenship. In granting him refugee status and then citizenship, the British Government accepted a protective duty towards Benny, but they now appear to be refusing to defend him against the same Government from whom he was granted protection in the first place.

The Indonesian Government have issued an Interpol red notice against Benny for the alleged crimes that he was accused of when he first came to the UK, which will have been considered when he was granted refugee status. Yet a letter that I have had from the Minister of State, Foreign and Commonwealth Office, the hon. Member for Taunton Deane (Mr Browne), states that the Government will not comment on the red notice; will not confirm or deny the existence of an extradition request; will not preclude the possibility of extradition; will not contact other Governments to ask whether they intend to arrest Benny as he travels to make the case for West Papuan self-determination throughout the world; and will not even contact the Indonesian Government to make a complaint about their continued pressure on him. The letter states:

"The issue of a red notice is a matter for the issuing state",

but it does not appear to accept that the protection of a British citizen is very much a matter for the state of which he is a citizen.

I ask the Minister for Immigration, who will be responding to the debate, whether there is any situation in which he would give an undertaking not to extradite a refugee to the country from which he or she had been granted protection. I suggest that it would not interfere with the sovereignty of other nations simply to ask them whether they would arrest someone, in this instance Benny Wenda, if they stepped on their soil. For the UK Government to refuse to ask that of a country that my constituent would have legitimate reason to visit seems to me an abdication of their most basic responsibility—to protect their own citizens.

I ask the Government to reconsider what seems to me to be a hastily cobbled together stance on the matter and accept a meeting of Ministers from the Home Office and Foreign Office, Benny, his representatives and me specifically to discuss the red notice. My constituent's example shows how other Governments, including repressive regimes, can use or abuse the red notice system to intimidate refugees and inhibit their freedom of travel and freedom of speech. As others have said, our Government should stand up for British citizens who are threatened in such a way, and I urge them to do so in this case.

7.59 pm

Mike Crockart (Edinburgh West) (LD): I, too, begin by welcoming the debate and congratulating my hon. Friend the Member for Esher and Walton (Mr Raab) on securing it. Last week's debate in Westminster Hall and the number of hon. Members present tonight show the strength of feeling on this important issue. It is absolutely right that it is debated on the Floor of the House.

Some 140,538 individuals have added their signature to the "Free Babar Ahmad" e-petition, which is rightly the catalyst for this debate, although the problem is much wider, as has been shown. I am glad that such cross-party support exists—even the *Daily Mail*, which I do not normally read, supports the campaign—but it was not always so. The Liberal Democrats have been vocal in our criticism of the lopsided extradition arrangements between Britain and the US for many years. Indeed, my hon. Friends the Members for Somerton and Frome (Mr Heath) and for Southport (John Pugh) were the only Members to vote against it in a scrutiny Committee. In 2006, we proposed amendments to the Extradition Act 2003 to protect the freedom and fair judicial treatment of British citizens, but, sadly, the previous Government refused to accept them.

I am pleased that the Liberal Democrats are acting on this issue in government and that my right hon. and learned Friend the Member for North East Fife (Sir Menzies Campbell) will lead a Liberal Democrat review of UK-US extradition arrangements. I await the findings of his report with interest.

No one is denying that extradition remains a necessary process in pursuing the ends of justice. It is rightly founded on the concepts of reciprocity and mutual respect among jurisdictions, although it recognises differences between them. However, extradition also deals with the most basic human right—that of liberty—and as such we must ensure that it is not entered into lightly or without proper process and oversight.

The affect of extradition on that basic right has been examined in detail regularly and recently by the Joint Committee on Human Rights and other Committees of both Houses. Reform is now advocated by Members on both sides of the House, which is to be welcomed. Both in the House and outside, it is recognised that extradition has changed. The process altered significantly in the wake of 9/11, as my hon. Friend the Member for Esher and Walton said. Although the aim of such change was undoubtedly positive, the reality is that arrangements continue to be open to abuse.

A few high-profile cases have demonstrated that to all. The lack of discretion to allow the UK to decline extradition when the case should be prosecuted in the UK has become synonymous with the case of Gary McKinnon; problems with the European arrest warrant and trust in suitably high standards of justice in Europe are synonymous with the case of the British student Andrew Symeou; and the lack of a prima facie safeguard, previously an integral part of UK extradition law, is synonymous with the case of Babar Ahmad. High Court rulings even today give examples of further concerns, on, first, the definition of a "judicial authority" and whether that authority is truly independent; and, secondly, on whether extradition should be allowed when no charges have been laid, or whether it should be limited to being for the purpose of trial or sentence.

Those concerns add to the feeling that there is no reciprocal arrangement in practice. For every person extradited to Britain from the EU, we surrender nine back. We have surrendered 50% more of our citizens than the US. Today's motion would implement the JCHR recommendations, which offer basic safeguards to prevent miscarriages of justice and deal explicitly with the concerns highlighted by those cases. The Committee suggests a forum clause that would allow

[Mike Crockart]

UK courts to refuse extradition when an individual should be tried in our country; a requirement for any requesting country to show a prima facie case; and proportionality checks to ensure that EAWs are not issued for minor offences.

As well as proportionality, the presumption that human rights are respected equally in EU member states is another significant issue with EAWs. The JCHR was minded to agree that judges are reluctant to refuse extradition on human rights grounds because of that presumption. As such, we agreed with evidence given by Liberty that highlighted the clear difference between equal protection of all rights in practice and protection in law, which means that there is a need to give defendants the ability to rebut the presumption of equality.

The Committee is clear that we need to deal with significant EAW issues, even if that means renegotiation of the framework decision. I am heartened by the Government's willingness to act on that.

Charlie Elphicke: My hon. Friend is making an excellent speech. Does he support the principle of renegotiating things in Europe to get the right balance in our relations with the EU?

Mike Crockart: I do indeed. That is exactly what the JCHR report asks for. It supports that unequivocally, as do I—[Hon. Members: "Hear, hear!"] That does not make me anti-European, however.

I am not saying that the use of EAWs has not been beneficial to the UK and Europe in the fight against serious and organised crime, or, to a certain degree, helpful in establishing a common area of freedom, security and justice, but we should not ignore the problems to support such advances.

The independent Baker review focused on five areas of extradition. Although I disagree with many of its findings, I share many of its points. On the Home Secretary's power to extradite, I instinctively have grave reservations in giving Ministers further powers when the distinction between state and judiciary becomes blurred. I believe that human rights considerations are more appropriately examined by the judiciary rather than a Minister, with proper consideration of relevant case law.

The Baker review also calls for a strengthening of legal representation in both issuing and executing states; an improvement in the process for the removal of EAW alerts, which was highlighted by the dreadful treatment received by Deborah Dark; and the prevention of excessive pre-trial detention. As a side comment, I would say that seven years is almost certainly excessive. There is a degree of unanimity on the need to act on those points.

One fundamental consideration is lost in the detail: whether our constituents—British citizens—have sufficient protection in respect of their safety and human rights. As Liberty eloquently wrote in its 11 November letter to the Home Secretary, that is a balancing act:

> "There is, of course, a balance to be struck in any system of extradition between the public interest in expeditious extradition to enable prosecution of crime and the provision of essential safeguards to ensure procedural fairness for the accused...the Extradition Act 2003 secures the former at the dangerous expense of the latter."

I agree that the balance is wrong, and commend the Government's willingness to re-address it and secure the fundamental rights of the nation's citizens. However, I trust that the Minister will put a time scale on the willingness to act that is more precise than the one he articulated in last week's debate. Such affronts to justice have waited too long. We must put them right and do so soon.

8.7 pm

Caroline Lucas (Brighton, Pavilion) (Green): Let me begin by congratulating the hon. Member for Esher and Walton (Mr Raab) on his role in securing this important debate.

The motion calls on the Government to introduce

"as a matter of urgency"

a Bill to enact the safeguards recommended by the Joint Committee on Human Rights in its recent report. The motion calls for urgent legislation rather than simply legislation because a number of British citizens face the risk of extradition at any moment—this is an urgent issue. Babar Ahmad's father started a grass-roots e-petition with no formal organisation and no big newspaper backing, but none the less it garnered more than 140,000 signatures.

People signed the petition because they were horrified by the plight of Babar Ahmad, a British citizen who was detained in the UK for more than seven years without charge or trial. He faces extradition to the US with the prospect of solitary confinement for life in super-max conditions, which arguably amount to torture. Babar is not alone in his ordeal. The poet, Talha Ahsan, another UK citizen, is also being held—his case is related to Babar's—without charge or trial under our shocking extradition arrangements. He is entering his sixth year of imprisonment.

Of course, such asymmetric extradition arrangements do not apply only in terrorism cases, and I put on record my deep concern about the Gary McKinnon case, but I want to focus on the case of Babar Ahmad. I pay tribute to the courage and bravery of the families of Babar and Talha in fighting for justice for their sons, and to their MP, the right hon. Member for Tooting (Sadiq Khan), who has worked to support them since their ordeal began.

I have long lobbied for the closure of Guantanamo Bay. As we approach its 10th anniversary, the cases of Talha and Babar remind us that one of the most fearful things about Guantanamo Bay—people being held without charge or trial—is happening on UK soil, right now, at the behest of the US.

In a debate in Westminster Hall last month, Members heard of the appalling circumstances of Babar Ahmad's arrest in 2003 and the fact that he sustained at least 73 injuries for which he was awarded £60,000 compensation by the High Court in 2009. He is now in his eighth year at a top-security prison without charge. The allegations against him are serious. The US has alleged that Babar was running a website that solicited funds for terrorist organisations, including al-Qaeda and Chechen rebels. That is a grave accusation and there should of course be a trial. Indeed Babar and his family desperately want the case to come to trial so that they can clear his name. They want it to take place in the UK and not in the US partly because Babar is a British citizen and is accused of committing crimes in the UK.

Jeremy Corbyn (Islington North) (Lab): I congratulate my hon. Friend on taking up this case and on what she is saying. Does she agree that if Babar Ahmad were to face trial in this country, it is likely that the case would collapse because of the way he has been treated, the conditions under which he has been held and the nature of the accusations that have been made against him throughout?

Caroline Lucas: I agree with the hon. Gentleman. I was explaining that Babar wants to stand trial here partly because he is a British citizen and partly because going to the US would separate him from his family, friends, and legal representatives, which would seriously undermine his ability to mount a strong defence.

Interestingly, I have seen extracts from the European Court interim decision on the cases of Babar and Talha. In paragraph 175, it is clear that the European Court has had from the UK Government an acknowledgement that they could be tried here, which runs counter to what is generally asserted. Moreover, Babar's lawyers also point out that other comparable prosecutions are proceeding in the UK. Nevertheless, in July 2004 and December 2006, the CPS and the Attorney-General declared that there was insufficient evident to charge Babar Ahmad with any criminal offence under UK law and that he should therefore be extradited.

If it is agreed today that there should be a Bill and a new approach, it would be even more essential for there to be new prosecutorial decisions in these very disturbing cases. In Babar Ahmad's case, it is my understanding that his lawyers are requesting a new prosecutorial decision on the basis that there has not been a proper one to date. That should mean that the changes that we are calling for today need not be retrospective but, rather, current in relation to these new prosecutorial decisions. Those decisions are needed because of these very disturbing cases in which it is clear that things have gone wrong.

The night before the debate on extradition in Westminster Hall, there was a shocking turn of events. Babar's lawyers received a letter from the CPS that admitted for the first time that it was never given the evidence that was sent to the US, apart from a few documents. The bulk of the evidence was shipped straight to the US by the police. Astoundingly, although we had previously been led to believe that the CPS had viewed all the evidence and judged it insufficient to bring the case to trial in the UK, we now have a confession that it had not even seen all the evidence let alone investigated it properly. Quite simply, a proper decision has not been made on whether a prosecution can go ahead in the UK. That is shocking and it raises serious questions about why evidence that should have been given to the CPS was not and why Babar was not told about it. Who directed and authorised that circumvention of the CPS, apparently in deference to and at the behest of the US? Given the seriousness of what the CPS has told Babar Ahmad's lawyers, we need not just new prosecutorial decisions but a full public inquiry into what has gone on in this case.

The second major failure of prosecutors relates to human rights. Decisions to prosecute or not to prosecute here should not be relinquished so easily in favour of the US. There are grave human rights implications that have not been properly taken into account. In these cases over whether and where to prosecute and whether to extradite, it is incredibly important for us to understand that the police, the CPS, the Home Office, the Foreign Office and the Attorney-General's office are all bound to consider the implications of the Human Rights Act 1998 in relation to every one of their decisions. That means that it is extremely relevant that concern has already been expressed, both by the courts here and now by the European Court, that the human rights issues that lie at the heart of the ongoing consideration in Strasbourg clearly never even formed part of the CPS's original decision in Babar's case and that the evidence was almost immediately conveyed to the US.

That in itself demonstrates that there has been a failure in the fundamental duty of prosecutors, which has not been adequately addressed to date. We cannot and should not tell the CPS who to prosecute, but we can and we should tell it to do its job properly and to insist on it receiving and properly reviewing all the UK evidence.

Let me say a little more about the significance of the current role of the European Court in Babar's case. The European Court of Human Rights has been wrestling with fundamental issues that relate not just to Babar Ahmad's case but to many others for the past four years. The final decision is expected imminently. The European Court has been considering two key issues: whether the use of extreme isolation for prisoners in prisons in the US before trial and post-trial amounts to a violation of article 3 of the European convention on human rights—the article prohibiting torture—and whether the length of sentences in the US, in particular the imposition of life imprisonment without parole or of 80 to 100 years, also violates article 3 of the convention. Whether or not the European Court finds for the applicants, in which case the UK cannot extradite them as long as those two potential fates await them, it is shocking that things have come to this. Courts here and the court in Europe have expressed their concern that what faces UK citizens if they are extradited to the US in a number of cases might arguably constitute what the law defines as torture.

These cases raise, in the most fundamental way, a convergence of issues between whether these men should be prosecuted here and the extreme consequence of what would happen to them if they were extradited to the US. Now we have today's debate. It is a matter of weeks before we hear the result of four years of anxious scrutiny by the European Court of Babar's case. I ask hon. Members to support the motion that has been tabled today because it is a crucial opportunity for us to send a clear message to say that the extradition laws in this country need to be radically reformed. If we do not do that, we are failing in our most basic duty of protecting British citizens. That is why it is so significant that there has been huge Back-Bench support for this motion, and I hope that it will be demonstrated when it comes to a vote—if it does—later tonight.

8.16 pm

Stephen Phillips (Sleaford and North Hykeham) (Con): I congratulate my hon. Friend the Member for Esher and Walton (Mr Raab) on securing this debate and on the fierce advocacy that he has deployed both in his speech this evening and generally in relation to this issue. There have been a number of powerful contributions from both sides of the House. The contribution on the

[Stephen Phillips]

European arrest warrant from my hon. Friend the Member for Bournemouth West (Conor Burns) was particularly impressive. He said that he was not a lawyer and that being a politician was criminal enough in his constituency. All I can say is that I will not be taking my holiday in Bournemouth this year.

Extradition serves an extraordinarily useful function in the administration of criminal justice throughout the world. Merely fleeing a jurisdiction should not be equated with acquittal. It is very important that decent and proper extradition arrangements exist between civilised nations so that those who are accused of crimes, or at least of serious crimes, can be brought before the criminal courts of the jurisdiction in which those crimes are alleged to have been committed—provided of course that appropriate safeguards are in place, along the lines indicated by my right hon. Friend the Member for Haltemprice and Howden (Mr Davis), to recognise that those accused of crimes are not guilty of those crimes until such time as a jury, or in some cases a judicial body, has said so. There was nothing more inimical to justice than the spectre, after the end of the second world war, of many war criminals who were guilty of genocide being able to travel to jurisdictions where there were no extradition arrangements with European nations, and in those circumstances being able to evade justice for a considerable period. During the debate, we should not lose sight of the fact that there are victims of crime who are as much entitled to justice as those who are accused of crimes and who are in fact innocent.

As has been recognised in the debate—we have begun to reach a consensus on both sides of the House—a balance needs to be struck between, on one hand, the protection of the fundamental right of a citizen not to be extradited abroad if there are inadequate safeguards to protect that citizen from an unfair trial and, on the other, the need to prosecute very serious crimes. A number of principles pervade this area of law but, given the events at the beginning of this century that led to the Extradition Act 2003, sufficient regard might not have been paid to them.

The first of those principles is that trivial offences should not trigger extradition at all. In circumstances such as some of those alluded to by my hon. Friend the Member for Bournemouth West, it is entirely inappropriate that any citizen be removed from his own jurisdiction, taken to a foreign place, perhaps not granted bail and locked up, and prosecuted for something that, on the face of things, is minor.

The second important principle is that of speciality, of which no mention has been made during this debate but which requires that the only offences with which someone extradited to a foreign jurisdiction can be charged be those for which he has been extradited in the first place. Two of the problems in this area that perhaps have not been properly grappled with by the Extradition Act are the absence of enforceable assurances from some countries seeking extradition from this country and the fact that the Home Secretary and the courts cannot take the principle of speciality properly into account in those circumstances.

There is also the principle that there should not be double jeopardy—that nobody should be tried twice for the same offence—save perhaps in limited circumstances. Again, I do not think that any mention has been made of that in the debate. Furthermore, there are principles surrounding the protection of people's human rights—the principle that we do not require those domiciled in this country, regardless of whether they are citizens, to be extradited if they might face capital punishment. That was alluded to by the hon. Member for Brighton, Pavilion (Caroline Lucas)—although I could not agree with all her remarks about torture.

Two issues have arisen out of the 2003 Act. The first concerns the disparity—or lack of reciprocity—perceived to exist between the arrangements that we have in place for extradition to the United States and the arrangements that the United States has in place for the extradition to this country of those accused of crimes here. Notwithstanding what was said by the then Attorney-General, Baroness Scotland, when the commencement provisions of the 2003 Act were debated in the other place, I agree with the Baker report that there is little difference between the tests applied on this side of the Atlantic and on the other side. Fundamentally, there is no difference between probable cause and reasonable suspicion.

What so concerns our constituents—certainly in my constituency—and many lawyers is that whereas in the United States the fourth amendment to the constitution, which requires probable cause to be shown, requires that an extradition request go before a court, there is no such requirement in this country. In those circumstances, it is perceived—I think, perhaps, correctly—that citizens or anybody domiciled in this jurisdiction whose extradition is sought to the United States are being denied a right that they might otherwise have had.

The commencement of the forum provisions contained in the Police and Justice Act 2006, in so far as they amended the 2003 Act, would go some way to meeting these difficulties. I agree with the Joint Committee on Human Rights that it is difficult to understand why those provisions have not been commenced, including by the previous Government. Liberty obtained advice from leading counsel, Edward Fitzgerald and Julian Knowles, that no amendment to the treaty between this country and the United States would be required were those provisions to be commenced. I would like to hear from the Minister, therefore, that the Government will at the very least bring forward the commencement of those provisions.

Richard Fuller (Bedford) (Con): My hon. and learned Friend is talking about the immediacy and the timing of some of these issues. That Babar Ahmad, who is the most pertinent example, has still not been brought to trial after seven years is further evidence of a scar on general jurisprudence in this country. Does that not give a sense of the importance of immediacy?

Stephen Phillips: I agree with my hon. Friend that it is a stain on justice in this country and, in my view, on justice in the United States that Babar Ahmad has been locked up for seven years. If Babar Ahmad wanted a trial, he could have one in the United States, but one of the great difficulties with forum issues is this: why on earth should he have to do so? Why should he be taken to a foreign jurisdiction, when the witnesses, the evidence and his legal representatives might be here, to defend himself against these very serious accusations? As the hon. Member for Brighton, Pavilion pointed out, these

are very serious allegations indeed. I was horrified to hear her comments about the absence of evidence before the Crown Prosecution Service. I hope that that matter will be looked into and that the Minister will assure us that the evidence will be made available.

The other area of debate has been the European arrest warrant, the problem with which is that the standards of justice that prevail in this country and other countries in Europe, such as Ireland, Germany and France, are not necessarily those that prevail all over the European Union. I regret to say that I do not share the hope of the Joint Committee on Human Rights and the Baker report that the system will sort itself out. That is the triumph of hope over experience.

8.26 pm

Jeremy Corbyn (Islington North) (Lab): I start by congratulating the Backbench Business Committee on securing this debate and the hon. Member for Esher and Walton (Mr Raab) on how he introduced it. I also place on the record my pleasure that, after the unfortunate way in which the debate was punted into Westminster Hall, we now have it on the Floor of the House. I thank those concerned and those who campaigned to ensure that these huge petitions were responded to properly.

When I was first elected to the House, I never would have dreamed it possible that public campaigns and public concern could result in a debate in the House of Commons. We spent years trying to secure debates on the Birmingham Six, the Guildford Four and several other cases that turned out to be serious miscarriages of justices and which, in the current atmosphere, would undoubtedly have attracted the same number of petitioners as the cases being discussed tonight. We should welcome the fact that Parliament has manoeuvred itself into a position where it can be more responsive to public concerns and justice issues. I hope that it continues. After all, that is what we are sent here for—not only to write laws and change laws but to consider issues of miscarriages of justice.

I want to refer briefly to three cases and then make a couple of general points. I shall not talk at great length about the first one because others have done so. The case of Gary McKinnon has been well reported and documented, and his mother and family have campaigned so assiduously on it, as has his own MP and many others. It is time that we understood that the McKinnon case goes to the heart of a whole load of inadequacies, of both our system and our relationship with the United States, which, as the hon. and learned Member for Sleaford and North Hykeham (Stephen Phillips) pointed out a minute ago, is not a reciprocal arrangement, but something fundamentally different.

Stephen Phillips: I am extremely grateful to the hon. Gentleman for giving way so soon. Is not one of the problems with the McKinnon case that there is nothing in the 2003 Act to enable the Home Secretary to take into account either mental or physical illness? That means that Gary McKinnon's Asperger's cannot be taken into account when deciding whether he should be extradited.

Jeremy Corbyn: The hon. and learned Gentleman makes an excellent point, and I agree with him. That is the fundamental weakness in the 2003 Act, which does not allow that discretion which any sensible, right-thinking person would apply straight away on a humanitarian basis.

I was not going to mention the General Pinochet case until I got to the end, but I may as well do so now, as it fits with the hon. and learned Gentleman's point. Like many others, I fought to get Pinochet extradited so that he could go on trial. We won the cases all the way through, but unfortunately the then Home Secretary decided that there was an overriding medical reason for allowing General Pinochet to return on the "Lazarus flight" to Chile, where he walked off the plane and seemed to be perfectly healthy.

Chris Bryant (Rhondda) (Lab): I rather agree with my hon. Friend about General Pinochet, not least as several of my friends were killed by his police force in Chile. My hon. Friend said that any sensible person would want to change the leeway allowed to the Secretary of State, but unfortunately the report that we are discussing this evening says:

> "We note the arguments for increasing the role of the Secretary of State in the surrender of persons...We are not convinced that changes should be made".

Jeremy Corbyn: I am sorry that the authors of the report are not convinced, but it is up to us in this House to try to convince the Government to make those changes. Although I welcome the examination of the issue, as well as this debate, it is absolutely up to us to ensure that that happens.

The second case that I want to mention is that of Julian Assange and the ongoing attempt to extradite him to Sweden. I want to go on to something else in a second, but let me briefly quote Debra Sheehan, who has been campaigning for Mr Assange not to be extradited to Sweden: "I believe this ruling"—the ruling that he can be extradited—

> "sets a very dangerous precedent allowing any UK citizen—and possibly any European citizen—to be extradited without charge. Mr Assange's case shows that the European arrest warrant can be used in a totally disproportionate way without using other less draconian methods of completing police investigations, such as Mutual Legal Assistance."

The European arrest warrant is a serious issue, because, as others have pointed out, it seems that countries with a far from rigorous, fair and open judicial system can gain arrest warrants against British subjects, who are then taken to a different jurisdiction, where they face a much lower threshold of proof before a conviction is obtained. It is not our business to protect criminals, but it is our business to ensure that people get a fair trial and that there is absolutely the presumption of innocence before any conviction is made.

The third case that I want to mention is that of Babar Ahmad, which was brought up excellently by my friend the hon. Member for Brighton, Pavilion (Caroline Lucas). Yesterday I received an e-mail from his father that I would like to quote from:

> "I am writing to request that you attend the debate...and...vote in favour of reforming the laws so that they strengthen the protection for British citizens, such as my son Babar Ahmad, who is now in his eighth year of detention-without-trial."

He continues:

> "Babar is the longest detained-without-trial British citizen in the modern history of the UK. He is in his 8th year of detention

[Jeremy Corbyn]

in a maximum security institution. He has served the equivalent of a 14 year sentence and if he had been tried and convicted in the UK, he would be probably out by now.

The CPS has recently admitted that it never considered the evidence against Babar before it was sent to the US authorities"—

a point made by my friend, the hon. Lady—

"yet for over seven years, they have allowed him to languish in prison without trial, refusing to prosecute him on the alleged basis that there is 'insufficient evidence' to prosecute him. The crimes for which he stands accused are said to have taken place in the UK. Over 141,000 people and 100 senior lawyers have"

written in his support.

"If extradited to the US Babar faces a period of 3 years pre-trial detention in complete isolation. If convicted he would face life without parole in solitary confinement at a Supermax prison".

Is that really what we want for British citizens under this law? That is what will happen if Babar Ahmad's extradition goes ahead. His father continues:

"On 22 June 2011, Parliament's JCHR explicitly raised concerns over Babar's case recommending that the government urgently re-negotiate the UK-US"

agreement. Finally, just to make the point, he says that this debate is part of the "enormous public interest" in the case, and in particular the examination of it by the Muslim community in this country, which feels that Babar Ahmad's case is indicative of something about the treatment of people where there is any suspicion of the kind of offences in which he is alleged to have been involved. He cannot be tried in this country because of the way he has been treated—the trial would collapse—so why on earth should we even consider allowing him to go to the United States?

Baroness Helena Kennedy, who is extremely eminent on all legal matters and somebody for whom I have enormous respect, wrote an excellent article in *The Guardian* today in which she raised the question of the forum. She wrote:

"To my mind, where there is clear evidence to a criminal standard of a crime being committed either in the UK or from the UK and jurisdiction is being contested, an English court should be required to determine the strength of the evidence and the 'forum conveniens'—that is, the location of any prosecution. The court's decision on forum should be based on clear guidance—the nationality of the defendant and the victim; location of both the prosecution and defence evidence, witnesses, and so forth. Yet as it stands there is no statutory right for a UK defendant to challenge extradition on forum grounds."

I hope that the Minister will be able to respond to that in winding up the debate.

The general point that I want to make is this. We are not here to defend criminals. We are here to ensure that those who have been charged are given a proper hearing and a fair trial. Extradition arrangements must be fair and reciprocal, and in most past cases they have been, in the sense that the Minister for the Interior, or the Home Secretary, has been able to exercise some degree of discretion as to whether or not a person should be extradited. I think that that is right, although one might disagree with the discretion used on certain occasions. What we have here, however, is a completely imbalanced system—as a result of both the European arrest warrant and our arrangements with the United States—which I consider to be contrary to all the judicial traditions of this country, and on which I think it right for the House to take a stand.

I hope that the motion will be passed, and that that will send a clear message to the Government about what we want. I understand that there may not even be a vote. That either indicates unanimity or that the dark forces of the Whips' Offices in all parties have taken the night off, but I fear that they are forces that never sleep.

On 11 November the Home Secretary received a long letter from Shami Chakrabarti, general secretary of Liberty, which made points about forum, and many more general points. She wrote:

"The human rights bar in the 2003 Act is of the utmost importance and we continue to encourage its effective application by the British judiciary."

I hope that the Minister will be able to assure us that that letter has received a reply, and will be able to inform us of the Government's general attitude. We are here to stand up for justice and liberty, and I believe that our arrangement with the United States is the opposite of those things.

8.37 pm

Mr David Burrowes (Enfield, Southgate) (Con): I join other Members in congratulating my hon. Friend the Member for Esher and Walton (Mr Raab) on securing the debate.

We usually describe debates of this sort as timely, but, although this evening's debate is timely in the context of the Government's current consideration of the Baker review, it would be hard for my constituent Gary McKinnon, who has been living a nightmare, and who now faces his 10th Christmas awaiting extradition, to see it in those terms, especially given that the outcome for him will be determined not retrospectively through the reform of extradition laws, which I support, but by medical evidence that is before the Home Secretary as we speak.

Parliament has given time to debate the issue of Gary McKinnon and extradition. We had a vote on forum in 2006 during the passage of the Bill that became the Police and Justice Act 2006. We have also had urgent questions, Opposition day debates, the report from the Joint Committee on Human Rights and Westminster Hall debates—and here we are having this debate today. What has not been in short supply is parliamentary attention. What has been in short supply is responsibility—responsibility for the plight of constituents such as Gary McKinnon, and for the injustice that has been done to them. The motion, which is welcome, seeks the restoration, at long last, of responsibility where it should lie.

I want to tell the House about an individual who was blamed for causing the biggest computer hack to hit the United States with an electronic attack on America's biggest port, Houston, in 2001. He was a young British man with Asperger's syndrome. He was not Gary McKinnon, but Aaron Caffrey. He was not extradited to the United States, but was tried in this country and found not guilty.

Then there was the man who was said to be doing

"more harm than the KGB"

and to be the

"No. 1 threat to U.S. security."

He had UFO posters on his wall. He broke into the United States defence and missile systems. He too could

have been, but was not, Gary McKinnon. He was prosecuted in this country, and was fined £1,200. And there was the computer virus that inflicted an estimated $5.5 billion-worth of damage and controlled 50,000 machines, hijacking sites run by a United States Department. Again, that was not Gary McKinnon. It was Andrew Harvey and Jordan Bradley. They were prosecuted here and received six and three months' imprisonment respectively.

Why then is Gary McKinnon being pursued remorselessly by the United States authorities? I believe that one of the motivations is instructive to the debate. The US ambassador on a number of occasions has made his position clear on behalf of the US Government. Indeed, several years ago, I asked him directly why the US authorities were doing that. When he replied, he recounted the alleged damage to US naval systems—he went through that in some detail—but then his voice and emotions rose, the severity of his tone increased and he said, referring to the comments left by Gary McKinnon on various websites, "He mocked us." Many of us would think that Gary McKinnon should be praised for exposing flaws in US systems by typing in passwords and getting through systems, as a terrorist could have got through their systems, but that comment, "He mocked us", shows that, whether we like it or not, politics plays a part in extradition.

Look at WikiLeaks. Just before President Obama came to speak to us, the US Attorney-General demanded that Gary McKinnon be extradited. Today, the right hon. Member for Sheffield, Brightside and Hillsborough (Mr Blunkett), a former Home Secretary, talked about how he tried to arrange a TV link for Gary McKinnon's trial. I understand that that had no legs because video conferencing is illegal under US law. It requires live cross-examination of witnesses.

What should we do to improve the situation? Plainly, it is important that we retain and uphold the importance and independence of prosecutions, even if that independence is not always reciprocated as a point of principle. The opponents of a forum bar say that such a bar would inhibit and delay prosecutions, but I say that a forum bar would help to protect the integrity of prosecutions and avoid those private deals and that pressure, political or otherwise. For example, Gary McKinnon in the early stages was threatened with a lengthy sentence and harsh conditions if he fought extradition, but judicial consideration of forum, bringing it into the open, would ensure that a proper decision was made about where to try a case that crossed jurisdiction boundaries.

The ambassador's comments also remind us that the Home Secretary has a legitimate role, despite what the Baker review says. The modern law of extradition has been developing since 1870. The Home Secretary has a vital role to play in ensuring that defendants are not wrongly extradited. International crime has developed since the 19th century. Global terrorism has emerged. Treaties have been signed, but what remains is that the Home Secretary is the long-stop safeguard against injustice for citizens facing extradition.

The motion seeks to ensure that the courts are the primary safeguard. The protracted battle to stop Gary McKinnon's extradition has highlighted the need for a forum bar. The judicial review hearing into the Director of Public Prosecution's decision not to prosecute was revealing. The judges said that, due to the fact that the matter of forum was not determined by way of a judicial safeguard, through the Police and Justice Act 2006 —forum amendments are absent from that Act—it needed to be decided by someone. The point is that that someone should be in the courts. Otherwise, we are left with a situation in which the Home Secretary says, "I do not have to consider forum because that is a matter for the DPP," and the DPP says, "We have decided to cede jurisdiction to the US," leaving Gary McKinnon and defendants like him having to challenge the DPP's decision not to prosecute by judicial review.

What does the Baker review suggest? It suggests some DPP guidelines. Those would not be adequate. They would not be the lifeline that respected commentators such as Joshua Rozenberg have mentioned. What would happen under those guidelines? Residence and nationality would be considered, but how could one challenge the decision? We are back in the realms of judicial review. Even the Baker review says that

> "we anticipate it would be very rare for the court to entertain, and rarer still for the court to grant, such an application."

The Baker review, then, has done nothing to give that proper safeguard. Tonight we can do something important. We can make Parliament's views abundantly clear. The reform of extradition law is needed to stop more cases like that of Gary McKinnon. The US ambassador felt mocked by Gary McKinnon's words that were left on US systems, but what about these words and the medical evidence that is before the Home Secretary from Professor Jeremy Turk? He said that

> "suicide is now a real probability and will be an almost certain inevitability should he experience extradition".

Does not this disproportionate extradition of a suicidal and sectionable person, Gary McKinnon, make a mockery of our extradition laws? Are not the life-threatening effects of extradition avoidable by prosecuting him in this country? As I said in 2009, how ill and vulnerable does Gary McKinnon need to be in order not to be extradited to the United States? Tonight, Parliament can say that it will not be mocked, and that it continues to demand proper judicial safeguards. I support the motion.

8.45 pm

Charlotte Leslie (Bristol North West) (Con): I congratulate my hon. Friend the Member for Esher and Walton (Mr Raab) on securing this debate, and thank all the other Members of various different parties who have worked so hard to bring the debate to the Chamber. I also wish to echo the eloquent comments of my hon. and learned Friend the Member for Sleaford and North Hykeham (Stephen Phillips) on the value of extradition. It is easy to be one-sided in this debate, and to forget the valuable role extradition can play both in international justice and for the families of the victims.

Understandably, the focus so far has been on the European arrest warrant and the US and UK extradition treaty, but I want to address the issue of those countries, including the US, that do not require prima facie evidence for an extradition to be requested. There are 24 of them, one of which is South Africa, and I want to highlight the case of Shrien Dewani, who has been accused of the terrible and tragic crime of murdering his wife in South Africa. This is not a question of an

[Charlotte Leslie]

individual's innocence or guilt; rather, it is a question of what kind of justice system Parliament can in good conscience approve a British citizen to go through.

My constituent Shrien Dewani was arrested more than a year ago, and he has not so far been charged in either country. Judge Howard Riddle assessed his mental health problems following the appalling and traumatic incident to be extremely severe and considered there to be a real risk of suicide. As I have said, South Africa does not require any prima facie evidence to request extradition, and extradition has been granted pending an appeal.

The case of my constituent has been the subject of extensive pre-judicial and prejudicial media coverage in South Africa, so much so that the head of the South African prosecution services is reported to have been removed from his post because he has been deemed not to be fit and proper to hold it as he has publicly prejudged the case. There have also been explicit threats by prison inmates about what would happen to my constituent were he to be put in a South African jail. It is hard to see how my constituent's mental health can be safeguarded in such a climate.

There are also serious questions about South Africa's record of torture in prisons. In 2010, the United Nations Commission on Human Rights found that South Africa had violated the right of a prisoner, Bradley McCallum, not to be tortured and that it had also violated its obligation to investigate and remedy the violations of that right. Those are serious matters. Can we be happy to extradite a British citizen given that severe climate?

Given the media prejudgement by officials, the public threats by prison inmates to my constituent, the very real risk of suicide and the shadow of UN investigations on torture, can it be right that we do not require any prima facie evidence from a country such as South Africa? Can it also be right that we do not further question our extradition treaties with South Africa and other such countries? I hope other Members agree that that is not right. I support the motion.

8.49 pm

Richard Drax (South Dorset) (Con): I, too, congratulate my hon. Friend the Member for Esher and Walton (Mr Raab) on securing this important debate. I had the privilege of being called to speak in a similar debate in Westminster Hall recently. I was thrilled by that, as was my constituent, Michael Turner, a young man who lives in South Dorset and who has for too long been the victim of an outrageous injustice under the European arrest warrant. As I understand it, and as I believe most hon. Members understand it, the EAW was meant to deal with terrorism and serious crime. My hon. Friend the Member for Bournemouth West (Conor Burns), who is not in his place, talked about proportionality and I believe that when hon. Members have heard me finish my remarks about the case of Michael Turner, they will agree that the Hungarian authorities have shown no proportionality whatsoever.

Michael's story begins in 2002, when he and a friend set up a marketing company operating out of Budapest. Regrettably, like so many other businesses around the world, it folded in 2004. The Hungarian authorities alleged that the two men acted fraudulently, leaving customers out of pocket to the tune of about £18,000—not a king's ransom, as hon. Members may agree. The two men denied the charge of fraud and still do. In November 2008, after Hungary had joined the EU and Britain had signed up to the European extradition treaty, the Hungarian authorities came for Michael.

Here in the United Kingdom, Michael and his team fought against extradition until 2009, when Mr Justice Collins overruled his appeal in the High Court and ordered the two men to hand themselves over to the Hungarian authorities. Michael's highly respected barrister, Hugh O'Donoghue, was "outraged" at the decision, believing that the European arrest warrant had been incorrectly interpreted and used.

On Monday 2 November 2009, Michael and his friend went to Gatwick airport voluntarily and were handed over to what I believe were Hungarian special forces—they were certainly police—who wanted to wear balaclavas to avoid being identified. I emphasise that the two men went voluntarily, and they were assured that as soon as they arrived in Hungary they would be allowed to call home. However, no such call was forthcoming, and they were refused bail on the ground that they would abscond—this, when they had gone to Hungary voluntarily. They were locked up, incommunicado, at a police station for three days before being moved to Veniga prison. Meanwhile, Michael's family had to find a Hungarian lawyer to locate him. Even the Foreign Office did not know where he was, as was shown in an e-mail to me dated 4 November 2009, two days after Michael and his friend had been sent to Hungary. It stated:

> "We were not initially aware of the case as the Hungarian authorities had not been in contact to notify us of Michael Turner's detention."

A judicial mess of scandalous proportions had begun, but far worse was to follow.

Locked up in this former KGB jail on the outskirts of Budapest, Michael was separated from his partner and friend, and placed in a small cell with three other men for 23 hours a day. Here he remained for the next four months, without charge. That in itself is surely a breach of his human rights—and how often in this country do we hear that expression? His initial request to call the consulate was refused, and the authorities had to be reminded that a call to the consulate was a right, not a privilege. He was allowed a one-hour visit per month and one shower per week—he had to basin-wash in his cell, in front of the other three men, for the other six days. Having reading material, and receiving and sending letters, was made difficult for him, and he was continually shouted at in a language that he did not understand. The appalling conditions soon began to wear on him, as I am sure we can all imagine. Soon, and inevitably, it was being suggested that if Michael pleaded guilty his stay in prison would be shortened, but he rightly and bravely stayed silent. Anyway, why should he plead guilty? In his view, he is innocent.

Behind the scenes, many people were trying to help Michael, and I must pay tribute to the Earl of Dartmouth, a UK Independence party MEP, who visited the prison, and Fair Trials International, which is doing what it can to help. It seems extraordinary to me, and I am sure to many Members in the House and to millions of people in this country, that when so many illegal immigrants

cannot be extradited to their countries because of their so-called "human rights", it appears that a British citizen can be handed over almost on a whim.

None of us is sure why Michael's four-month incarceration in that hellhole came to an end, but on the morning of 26 February 2010, the door opened and Michael was free with no explanation, no apology and still no charge. In April 2010, he returned voluntarily and courageously to Hungary to answer more questions. He was told that police had interviewed more than 500 witnesses and it is calculated that it would take a year, at least, to cross-examine those people alone if the case came to court. Michael returned to the United Kingdom and still faces no charge. The case hangs over him and his family like the sword of Damocles, the emotional, physical and financial cost is hard to gauge and the distress has been absolutely appalling.

Unable to move on with his young life, Michael waits for Hungarian justice, so-called, to take its course, a course that has seen my constituent subjected to imprisonment, psychological torture—of that, he and I have no doubt—huge expense, unrelenting stress and, worst of all for Members of this House and certainly for him, an understandable loss of faith in this country's ability to look after her own.

Hungary's judicial system is not on a par with ours—far from it. It is primitive, bureaucratic and clearly unjust. In this country, someone is innocent until proven guilty, but it would seem that that is not the case in Hungary. The current extradition treaty is a complete mess. I agree with Members that some sort of treaty is needed, but reform is needed even more. I back the excellent motion tabled by my hon. Friend the Member for Esher and Walton. I am deeply passionate about this subject and I am honoured to attempt to get freedom and democracy for my constituent, Michael Turner.

8.56 pm

Michael Ellis (Northampton North) (Con): I congratulate my hon. Friend the Member for Esher and Walton (Mr Raab) on securing this debate, my hon. Friend the Member for Enfield, Southgate (Mr Burrowes), who is no longer in his place, on his representation of his constituent, and of course my hon. Friend the Member for South Dorset (Richard Drax) on his eloquent representation of his constituent. I also congratulate Her Majesty's Government on putting in place the mechanisms by which this debate can take place, by introducing the Backbench Business Committee.

My comments will be on the United Kingdom-United States extradition arrangements. I accept that there is a problem with the European arrest warrant, particularly as regards proportionality, and I would submit that it has other serious defects in other respects, too. Not only is it inappropriate for there to be extradition in cases where there is considerable doubt about the seriousness of the alleged offence, but there are clearly differences between the judicial and incarceration systems in many of our European neighbour countries.

Mr Robert Buckland (South Swindon) (Con): Does my hon. Friend agree that one of the problems posed by the use of the warrant is that it is sometimes used to aid investigation rather than prosecution, as in the example just given by my hon. Friend the Member for South Dorset (Richard Drax)?

Michael Ellis: I agree. As I said, I acknowledge that there are some serious defects with the European arrest warrant, but the motion conflates the European arrest warrant with the UK-US arrangements and I want to inject an important observation about those arrangements into the debate.

The law enforcement relationship between our two countries is predicated on trust, mutual respect, protecting our peoples and removing safe havens as options for those people who seek to evade justice. It is also important to remember that the United States is, as the Baker report illuminated for those who might not otherwise agree, a rights-based democracy in which accused persons have fundamental protections provided by the constitution to ensure that they are able to participate effectively in a criminal trial process that is conducted fairly. It is important to emphasise that our Anglo-American relations are predicated on those facts and on our acceptance that the United States system of jurisprudence provides a very advanced state of rights-based democracy for accused persons.

Charlie Elphicke: My hon. Friend is making a powerful speech, but let me ask him a question. If I were facing a Texas jury having been extradited from my homeland here in the United Kingdom under the extradition treaty to face trial, would I have recourse to legal aid or something analogous to it under the wonderful rights-based system in the United States?

Michael Ellis: The systems provided by the United States are accepted by the international community as being perfectly amenable to the interests of democracy and the rights of the individual within the state of Texas and other states of the American union.

Approximately a year ago, Her Majesty's Government commissioned a report—the Baker report—to which several colleagues have referred and which I am holding. It is 500 pages long, it took one year to complete and it was conducted by three eminent jurists: Sir Scott Baker, who was called to the Bar some 50 years ago, and two eminent lawyers, both of whom have acted for Governments and for requested persons and have therefore dealt with this issue on many occasions and from both sides of the fence. They came to the conclusion that there was no significant difference or imbalance between the extradition arrangements in the United States and the United Kingdom. That is the crux of this matter. Many of the previous speakers seemed to assume that there were imbalances, which they criticised, but they did not address those alleged imbalances.

I have heard no evidence, and the Baker report came up with no evidence, pinpointing where there is imbalance. There is different terminology, with "reasonable suspicion" being used often in the UK arrangements in relation to the evidential burden that is required, whereas "probable cause" is used by the United States. Those two terms may be slightly different in phraseology but they mean very much the same thing, and those who have analysed the position in some detail, either in the Baker report or elsewhere, have come to that clear conclusion.

Mr David Davis: My hon. Friend has asked for an example. How does he see the circumstances of someone facing trial in Texas who is thousands of miles from their nearest and dearest, isolated from their community

[Mr David Davis]

and has no financial support? Does not the plea-bargaining system in America become a predatory process that threatens them with long-term loss of liberty or the prospect of giving in and admitting guilt?

Michael Ellis: There have been extradition arrangements between our two peoples since the later part of the 18th century. As for plea-bargain arrangements, there are also pressures on defendants in the British system. We do not refer to them as plea-bargaining, but defendants know that if they plead guilty, they are likely to receive a lesser sentence, so although we have no plea-bargaining arrangement, it is not correct to assume that the two systems are completely different.

The conclusion reached by the Baker report is that there is no significant difference between the tests that either country applies. In all extradition requests that have been submitted to the United Kingdom since 1 January 2004, the United States and many other states have not had to provide prima facie evidence, instead having to provide only the information sufficient to satisfy the extradition legislation. There are many countries, including Australia, Canada and New Zealand, from which we do not require prima facie evidence before extraditing to them. We should not therefore require the United States to jump over that hurdle when the other allied nations whose legal systems are based on ours do not have to do so. I understand that countries that have signed the European convention on extradition orders do not have to jump through that hoop. Those countries include Turkey and Russia. Those who call for a prima facie standard, as I understand the Joint Committee on Human Rights has done, must explain why Russia should be required to have a lesser standard than America, if America were put under the pressure of proving to a prima facie standard.

Bob Stewart (Beckenham) (Con): Should we not require that standard of everyone? Is that not the way forward?

Michael Ellis: Well, that is one way of looking at it. Certainly, if we were to decide to require everyone to hold to the prima facie standard, that might be fairer, although it would be extremely expensive, bureaucratic and time consuming. For the accused person and for witnesses, the interests of justice are not served by delaying matters, so that would be the problem there. However, before the 2003 Act, I believe there was a requirement to find a prima facie standard. If not, there was certainly an imbalance between the United States and the United Kingdom in that respect. The United States had to apply greater burdens to extradite people from the United Kingdom than the United Kingdom had to supply vice versa.

Mr Raab: My hon. Friend has made the point about the paper test, but the key point made by Alun Jones QC is that the quality of evidence is assessed in extraditions both ways by the US courts—that is a requirement of the US constitution—but in neither case by the UK courts. There is the imbalance. Does my hon. Friend accept that?

Michael Ellis: No, I do not accept that. I agree with the Scott Baker report that there is no fundamental imbalance. It is important to point out that the United States has not denied a single extradition request from the United Kingdom under the treaty. Although the United States makes more requests to the United Kingdom than it receives, the difference is largely because the population of the United States is five times greater than that of the United Kingdom. There is no imbalance. The Scott Baker report confirms that, and I cannot support the motion.

9.7 pm

Charlie Elphicke (Dover) (Con): It is a pleasure to follow my hon. Friend the Member for Northampton North (Michael Ellis), who made a passionate defence of the current arrangements between the United Kingdom and the United States. I regret that although I agree with him on so very much, on this rare occasion we will have to part company in our legal and political analysis of the situation.

I congratulate my hon. Friend the Member for Esher and Walton (Mr Raab) on securing the debate. It is good to have the debate on the Floor of the House and to see a measure of consensus emerging as the debate has gone on. I have looked at the extradition treaty between the United States and the United Kingdom, so boldly defended by the right hon. Member for Sheffield, Brightside and Hillsborough (Mr Blunkett) who, sadly, is no longer in his place. As a former Home Secretary entering into that agreement, one would expect that.

I have some difficulties with the treaty. The first of those, which has vexed many, is on the issue of reasonable suspicion versus probable cause. As everyone who has read the Scott Baker report will know, probable cause is reviewed on page 239, paragraph 7.35, where it is defined as

"a reasonable belief that a person has committed a crime".

There is a difference between a reasonable suspicion, which is the arresting standard in our jurisprudence, and America, where probable cause is a reasonable belief that a person has committed a crime. Belief is clearly a higher test than suspicion. As I know from my time in my books, a suspicion that someone has committed a crime is a sense that that might be the case. Belief is a higher level than suspicion. Suspicion is maybe, maybe not; belief is "I'm pretty sure." I think we should be careful about that. Indeed, the Scott Baker report discusses the difference at some length but later glosses over it.

This error, which in my opinion results from the use of different legal definitions in our two systems, has crept into the defence of the treaty. Indeed, His Excellency the American ambassador to the Court of St James, Louis Susman, has decided to take an interest in our internal affairs and wrote in *The Daily Telegraph* today that there is no real difference. I think that in a deep sense there is a difference. He states:

"In all extradition cases, the UK authorities always begin by considering whether an individual can and should be tried in the UK instead of being extradited. Once the UK authorities decide that the case should be tried in the US, all extradition hearings are then held in UK courts",

and then off the person goes. My difficulty with that argument is that I see nothing in the treaty that makes that the case. There is a provision in the treaty that states clearly, in my humble opinion, that just because no action is being taken in the UK the person can be extradited. Nothing states that. Paragraph 4 of article 2 states:

"If the offense has been committed outside the territory of the Requesting State, extradition shall be granted in accordance with the provisions of the Treaty if the laws in the Requested State provide for the punishment of such conduct committed outside its territory in similar circumstances."

It also seems clear, in the paragraph relating to no prosecution, that if charges are not made in the UK the person can be extradited, but even if charges were laid in the UK, my reading of article 5 is that there is no bar on extradition being sought from the United States in that case either.

My fundamental trouble with the support being given to the US-UK treaty in its current format is very simple: if a crime is committed or alleged to have been committed on British soil so that the act of the crime, what lawyers call the actus reus, was in the UK, meaning that the deed was done in the UK, surely the proper forum is the UK. Many of the cases that we have discussed tonight and that have caused so much ire are cases where people in the UK have allegedly committed crimes for which the foreign requesting jurisdiction, typically the US, is asking for them, and we know that if a crime has been committed it has been committed in the UK. Surely the right place for that person to be tried is the UK, for all the reasons my right hon. Friend the Member for Maltemprice and Howden (Mr Davis) has given. For example, they have their friends, family and loved ones around one, they have a house, they do not have to pay to maintain themselves and they have access to legal aid.

If people are shipped over to face a jury in Texas, as the NatWest Three or Enron Three were, they will know very well that they will have to maintain themselves, that they are far from their loved ones and best advisers and that they will have to pay all the fees if they want to see the court case through. When someone faces the massive likelihood of a conviction because there is a Texas jury and they are not from Texas, which regrettably can be the case, they will accept a plea bargain that is made to look very enticing and attractive. They can have a massively long sentence of multiple years on the one hand or a very short sentence on the other. What will they do? Of course they will accept the plea-bargain. I think that that is incredibly unfair. If people in that situation have committed a crime, it was in the UK and they should have been prosecuted in the UK.

There is a provision set out in paragraphs 4 and 5 of schedule 13 to the Police and Justice Act 2006 that does not seem to have been commenced, and I wonder whether the Minister for Immigration might be able to enlighten the House on whether it is likely to be commenced, and if so when, so that there can be the kind of forum bar, which I and so many Members have spoken about this evening, to right that balance so that there will not be the lingering feeling of injustice.

The other issue is the European arrest warrant, and I was glad to hear my hon. Friend the Liberal Democrat Member for Edinburgh West (Mike Crockart) say that it was an area for righteous renegotiation with our friends in Europe. I agree. We should renegotiate in the national interest and, indeed, in the interests of the people of this country, when it is right to do so, and that area should be looked at, if only because it has been so massively abused—for fishing expeditions, for investigating crimes and for wrongful processes. We therefore need to rebalance that and to get the balance right.

9.15 pm

Jacob Rees-Mogg (North East Somerset) (Con): It is a real privilege to follow my learned hon. Friend the Member for Dover (Charlie Elphicke) and to speak in this debate, called by my hon. Friend the Member for Esher and Walton (Mr Raab), who is so right to be defending the ancient rights of the British people. My hon. Friend the Member for South Dorset (Richard Drax) got it absolutely right when he said that we spend a lot of time talking about the human rights of people in this country until, suddenly, extradition comes up and then—bingo!—they have gone, and they are sacrificed to transportation to a foreign land.

The point that we should focus on is the first principle of why we have such protections for the innocent in the criminal law. We have, as we know, a powerful state. The state provides the police and the prosecuting authority, and the state pays the judges and reimburses the juries, and, because of that great power, the state then feels it is right to put in place protections for the individual who is charged: the right to trial by jury; the right to habeas corpus; and the right to be presumed innocent until found guilty. These are the foundation rights of our criminal justice system and have a history stretching back 1,000 years.

But, when it comes to extradition, people can go to countries that do not have or follow that tradition. We have heard about how it works in Hungary, and the criminal justice system there, so one is a protected British subject if charged here, with all sorts of possible ways of defending oneself, but suddenly, if one comes under the European arrest warrant, one can languish in a dank Hungarian jail, with all those protections removed.

The United States is our greatest and closest ally, and a country with which we want to have the friendliest of relations, but we have already heard about the extraordinary approach it takes to plea bargaining: one may be threatened with 400 years without the option of parole, or if one pleads guilty one gets a week in a resort near Canada, as happened to the man who was prosecuted at the same point as Lord Black of Crossharbour—his noble lordship. One of them was offered an enormously long sentence, and the other was offered a Canadian golf club.

Michael Ellis: We do not have a system of plea bargaining in this country, but does my hon. Friend not accept that people who plead guilty in the United Kingdom's courts will almost invariably receive a lower sentence than if they are found guilty after trial? There are good public policy reasons why.

Jacob Rees-Mogg: There are, indeed, but that is of a completely different order of magnitude: one gets a little off one's sentence if one pleads guilty early—rather than being threatened with hundreds of years against a week in a golf club. That does not happen under the British system, but we know that it happened to the man who turned the equivalent of Queen's evidence against Conrad Black. We know that it happens in the United States system, but we are willing to risk British subjects going over there.

Thomas Docherty (Dunfermline and West Fife) (Lab): The hon. Gentleman is always worth listening to, even if his arguments are not the strongest of cases. He began by espousing the benefits of English—I must add—history,

[Thomas Docherty]

but surely we share that system with our colonial cousins, so having made great merit of the English judicial system he cannot then criticise our American friends.

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. It is up to the hon. Gentleman who takes the intervention, but the Member had only just come in.

Jacob Rees-Mogg: But it is such a pleasure to hear from the hon. Gentleman, and the tone of the House is raised by his gracious presence, so I will respond. Yes, of course we should have a hierarchy of countries to which we feel comfortable extraditing people, and of course New Zealand, Australia and Canada would be very high up on those lists—and the United States would be pretty high up too.

However, I do not think that the ambassador to the Court of St James—the extraordinary plenipotentiary of the United States—behaves in a diplomatic way when he starts telling this House how we ought to consider our business. I like to think what the noise would be in Washington if our ambassador there decided to suggest to the Senate or to the House of Representatives how they ought to conduct their business. Sitting as he does in his grand fortress in Grosvenor square like some Persian satrap, he should not be telling the House of Commons how to conduct her business. Of course we should have friendly extradition arrangements with the United States, but crucially ones that protect the ancient rights of the British subject whereby they should be innocent until proved guilty and should remain within the jurisdiction of this country until evidence is produced against them.

If we are worried about the United States, how much more worried should we be about some European countries, which can, in effect, arrest people and have them removed from this country without so much as a by-your-leave? We are risking people's freedom and liberty. This House exists to protect the freedoms and the liberties of the British subject. Yes, I know that some of them will be guilty and will deserve severe punishment for the crimes they have committed, but have we not set up our justice system on the basic principle that it is better for 100 guilty men to go free than for one innocent man or, indeed, woman, although women commit fewer crimes—*[Interruption]* It is true; they do—to be imprisoned when innocent? If that is the starting point of our justice system, then surely we ought to apply it when it comes to extradition, and therefore the Government ought to review the arrangements that they have with the United States.

Michael Ellis: Does my hon. Friend give no credence to the fact that in the 500-page Scott Baker report, commissioned by Her Majesty's Government, eminent jurists came to the conclusion that the imbalance that he is assuming between British and American relations regarding extradition does not exist?

Jacob Rees-Mogg: Had my hon. Friend paid closer attention to the excellent speech by my hon. Friend the Member for Esher and Walton, he would understand that there are differing views on that. It is well known that, with Government reports, the people are appointed who will provide the report that is wanted. That has been practised over many centuries.

Mr Raab: My hon. Friend is making his case in his usual passionate way, laced with history and forensic analysis. Does he agree that lawyers and judges give their legal opinions, but ultimately it is for accountable and elected lawmakers to decide on these matters?

Jacob Rees-Mogg: I entirely agree with my hon. Friend. Of course, we are the ones who must decide what is right for the country, and we must do so on first principles.

Although the American extradition treaty is not entirely satisfactory—I was very much persuaded by my hon. Friend's introductory remarks—I am much more concerned about the European arrest warrant, which risks the freedom of innocent people in this country. I really would rather that we did not manage to arrest a foreign criminal if the exchange for that was allowing an innocent English person to be transported abroad—*[Interruption.]* Or a Scotsman, a Welshman or a Northern Irishman. I do not particularly want the southern Irish to languish in jails unnecessarily either, but that is not my business. It is therefore important for the Government to reinstate these protections. In fact, it would be quite encouraging if, in our efforts to renegotiate with Europe, we started with this.

9.24 pm

Chris Bryant (Rhondda) (Lab): I must confess that I was looking forward to more of that. I have on occasion referred to the hon. Member for North East Somerset (Jacob Rees-Mogg) as the hon. Member for the 13th century, but I think that that was far too radical a century for his liking.

I congratulate the hon. Member for Esher and Walton (Mr Raab) on securing this debate. He is quite greedy about getting debates. I think he has probably had his fair share for the rest of this Parliament, but he introduced an important matter that is of interest to many.

I also congratulate the many Members who have spoken on behalf of constituents who have had particular problems. I know, from when I was responsible for consular support in the Foreign Office, how often British embassies around the world deal with complicated situations in relation to extradition. In some circumstances, British people did not have to be extradited and were caught up in the criminal justice system in another country, where they did not speak the language, did not understand the system and were a long way from their loved ones, as many hon. Members have said. Some people were languishing in pretty hideous jails. I visited a couple of them in Thailand and Peru and cannot recommend the process to anybody. I therefore commend hon. Members for their comments.

In relation to Andrew Symeou, I tried to ensure, as far as possible, that our embassy in Athens was doing as much as possible to ensure that the family and Mr Symeou had the support that they needed. Of course, we were also trying to provide support to the family who were the victims of the crime in question.

I also congratulate the lawyers who have taken part in the debate. I notice that they keep calling themselves "jurists". They are not going to get away with that. We

know who they are. Unfortunately, I mostly agreed with their contributions, so I will not be rude to them this evening.

It is a fundamental principle that nobody should be arbitrarily arrested without due cause. It inevitably follows that no extradition, no surrender of a person and no arrest under an international warrant should, in the words of the Book of Common Prayer,

"be entered into unadvisedly or lightly; but reverently, discreetly, advisedly, soberly".

Extradition is a vital part of a modern criminal justice system, as many Members have said. It means that nobody can evade justice simply by fleeing the country. In our case, 581 people have been brought back to the UK to face justice as a result of the European arrest warrant since 2004, including the failed 21 July bomber, Hussain Osman, who was extradited from Italy. Indeed, he was removed from Italy fast enough for his interrogation to inform the decisions on charges that had been placed against others, which was an important part of securing justice in that case.

We need at all times to keep our extradition arrangements, both multilateral and bilateral, under review so that nobody's freedom is unjustly deprived by them. It seems to me that there are five key issues: the operation of the European arrest warrant, the question of whether a prima facie case should be made in all situations, the issue of double or dual criminality, the implementation of a forum bar and the purported imbalance of the US-UK treaty.

I will first make a few simple points. The first is that the motion refers to the protection of British citizens, as have many hon. Members. However, many UK extraditions are of course not of UK nationals. Many EAW requests are from countries that want their own nationals to face criminal proceedings back home. The report of the Joint Committee on Human Rights seeks a special threshold of proof for British citizens. Leaving aside the matter of Northern Ireland, I believe that the idea of special arrangements for our nationals, as opposed to anybody else, in the UK courts smacks more of the Russian system of extradition, which prevents the extradition of any Russian national, than the historic British position that the law should be blind to nationality.

Mr David Davis: On that point, the hon. Gentleman could have said that it smacked more of New Zealand, Australia, Germany or France. Why did he pick Russia?

Chris Bryant: It was partly because Russia has made a large number of extradition requests to this country to which we have said no because Timothy Workman, the judge in charge, has decided on each occasion that they were being advanced merely for political reasons, whereas when we make extradition requests, such as for Mr Lugovoy, who is sought for the murder of Alexander Litvinenko, the Russian state simply says that no Russian national will be extradited. I do not think that there should be a distinction between different nationalities.

My second minor point is that I suspect that statistics throw far less light on the matter than one might think. It is true, for instance, as the hon. Member for Esher and Walton mentioned, that the number of extraditions from the UK has risen dramatically since 1975, but then so has international travel. Moreover, although there was just one extradition to Spain in the decade up to 1973 compared with 61 in the past seven years, I suspect that that had more to do with the relations with Franco's regime than with anything to do with the extradition system.

The same is true, I believe, of the US-UK extraditions to which the hon. Gentleman referred. Since 2004 there have been 73 extraditions to the United States from this country, and just 38 to the UK from the US, yet 70% of UK requests for extradition have been successful compared with just 54% of US requests to the UK. In other words, a US request is less likely to succeed than a UK one. Moreover, far more British nationals go to the US every year than the other way around. I know that that seems counter-intuitive, but the Library's figures suggest that roughly 4.5 million British people go to the US every year, and fewer than 2 million come from the US to the UK.

Thirdly, cybercrime almost inevitably crosses borders, whether we are talking about conspiracy to fund terrorism, illegal file sharing or industrial espionage. Consequently, I agree with hon. Members who have said today that we have to ensure that we have a better way of dealing with the question of where individual matters may be resolved.

Charlie Elphicke: I thank the hon. Gentleman for being so generous in taking interventions. I put it to him that the original arrangements with the United States were entered into under the cloud of the history of 9/11 and terrorism, and now we are hearing cybercrime as the latest excuse. Is there not always another excuse to worry people about why we should go further in taking away their rights and protections?

Chris Bryant: I was actually agreeing with the hon. Gentleman in my remarks about cybercrime. I think it is legitimate for there to be a point at which we decide where is the right place for something to be tried. I believe that was the point that he was trying to make earlier, so I am grateful to him for his support for my argument.

Having dealt with the minor issues, I want to turn to the more significant ones, and first the operation of the European arrest warrant. It is true that there have been several cases in which the justice system in other countries included in the European arrest warrant has been far from ideal. Several hon. Members have mentioned those cases today. We are all mindful of the horrific experiences of some people who have been held for considerable periods for crimes that, as it turns out, they never committed. Incidentally, that is of course sometimes true in the United Kingdom as well.

Although I believe the EAW operates successfully in the main, there is one key matter that I believe needs to be addressed—the question of proportionality. Between 2004 and the end of March 2011, Poland accounted for 1,659 and Lithuania 355 of the UK's 3,107 EAW surrenders. In part, that was because of the prosecutorial system in each of those two countries, but in many cases the warrants were for relatively minor offences. We believe that a proportionality test should apply. Indeed, I believe that the majority of members of the European Union would prefer to see some form of proportionality clause inserted into the provisions. It is important, of course, to bear it in mind that in many cases the UK imposes longer sentences than other countries in Europe, so

[Chris Bryant]

there is a danger that if proportionality is introduced some countries will retaliate in the wrong direction. However, I believe that such a clause should be included.

Richard Drax: Does the hon. Gentleman agree that if we left the EU, proportionality could be decided in this country, not by a massive bureaucracy?

Chris Bryant: Oh dear, no. Don't get me started on that. In fact, the hon. Gentleman is wrong about the aetiology of how we got to the European arrest warrant. It was a Conservative Government who ratified our membership of the European convention on extradition in 1991, which has almost all the same provisions and applies to nearly all the same countries. Indeed, in 1993 it also included Hungary.

Secondly, I wish to mention prima facie rules. Under the 2003 Act, there is no prima facie rule in relation to EAW countries, known in the legislation as category 1 territories. However, in countries in whose criminal justice systems we do not have the same legal confidence, a prima facie rule still applies. That includes several Commonwealth countries covered by the London scheme and many others covered by bilateral treaties, such as Brazil and Argentina—the countries that were formerly quite happy to receive people from Nazi Germany without asking any questions.

There is no prima facie requirement for designated category 2 countries that share our respect for human rights and the rule of law, such as Canada, New Zealand, Australia and the US. The Opposition believe that that distinction is a proper one, even if we would constantly seek to urge reform and modernisation of legal systems in many EAW countries. Hon. Members have said that we cannot just hope that that will happen and that we need to try to ensure that it does. However, we would not do so by suddenly inserting a prima facie case for all EAWs. If we did that, we would be leaving the EAW. Some hon. Members might like us to do that—as well as leaving the EU—but it would be a mistake because of the effects it would have on the UK.

Stephen Phillips: As I understand it, the hon. Gentleman is therefore advocating that it is perfectly acceptable for citizens of this country to be extradited to jurisdictions where conditions in the justice system are less than ideal when no prima facie case is shown. Is that right?

Chris Bryant: The Committee makes it clear in its report that the

"EAW is based on the principle of mutual recognition of judicial decisions and... mutual trust"

between the judicial authorities of EU states. That is a legitimate position for us to adopt, just as it was adopted in 1991 by the Conservative Government when they signed us up to the ECE—*[Interruption.]* The hon. Gentleman is chuntering, but I cannot hear what he says. Unless he wants to chunter louder, I am at a loss—*[Interruption.]* He says he will chunter more quietly, for which I am very grateful.

Jacob Rees-Mogg: Will the hon. Gentleman give way?

Chris Bryant: Of course I will give way to the hon. Gentleman—he will chunter from a standing position.

Jacob Rees-Mogg: I will indeed. I cannot believe that the hon. Gentleman, wise and sensible as he is, thinks that justice across all European states is equal. It self-evidently is not: some systems are much less good than ours, and none is better.

Chris Bryant: That kind of casual British superiority sometimes does not carry the day when it comes to making decisions about our legal systems—*[Interruption.]* It was a joke. I am sorry. I clearly missed that.

Mr David Davis: Will the hon. Gentleman give way?

Chris Bryant: I am being more generous than I should be, but of course I will give way.

Mr Davis: I rise to get the hon. Gentleman off the hook. He has accepted that judicial and prison systems in other European countries are less than desirable. He says that he does not want a prima facie test. Does he accept that he is therefore proposing, or what exists, will punish innocent people who are sent to those countries and suffer those problems?

Chris Bryant: No I do not accept that. The return question to the right hon. Gentleman would be this: why did he expressly support in 1991 the ratification of the ECE? If Britain had wanted to, it could have insisted on a prima facie case—that was when many member states had even less advanced criminal justice systems than they have today. The honest truth is that Britain came to the decision that it was more important to close down the costa del crime and the many different ways in which people could evade justice around Europe. I agree with his position at that time.

Mr Davis: Will the hon. Gentleman give way?

Chris Bryant: If the right hon. Gentleman does not mind, I am conscious that the Minister's contribution is far more important than mine and I want to move on to a couple of other issues.

I fully understand the concern that many have with the abolition of double criminality from the framework decision. I understand those who believe that that could mean that one could be extradited for holocaust denial or other matters that are not criminal offences in this country. However, I ask hon. Members to remember that sections 64(2) and 65(2) of the Extradition Act 2003 make it absolutely clear that the conduct must have happened in the member state where it is a crime, not in this country. When people travel abroad, surely people subject themselves to the laws of those other countries.

Under the forum bar, extradition would not be allowed if, in the words of section 42 of the Criminal Justice Act 2006, which is now section 19B of the 2003 Act,

"a significant part of the conduct alleged...is conduct in the United Kingdom"

and if, in the opinion of the court, it is not

"in the interests of justice for the person to be tried for the offence in the requesting"

country. Many have pointed to some of the problems inherent in such a forum conveniens test—it could further delay complex proceedings, several of the terms are imprecise, and there could be extensive litigation around them—but the Opposition are not opposed to such a test per se, and merely note that the Government have not thus far introduced the relevant motion in this House or the other place.

Let me turn to the imbalance in the US-UK treaty. Members will know that the US constitution requires that nobody can be arrested without a prosecuting authority proving probable cause. That applies equally for a US arrest for US prosecution, for an international arrest warrant or, under the 2003 treaty, for extradition. The requirement for a UK extradition to the US is that information must be provided that satisfies the reasonable suspicion test. Both tests are based on reasonableness and require similar paperwork and evidence to be submitted. In the case of someone to be extradited from the UK, the US authorities first have to secure a warrant or grand jury indictment, both of which require that the probable cause test is met in the United States of America. The argument that the treaty is imbalanced is simply not made.

Let me briefly turn to the cases of Gary McKinnon and Babar Ahmad, which are much in Members' thoughts today. It is not for this House to decide the guilt or innocence of anyone, nor do I believe that this motion can legally affect either of the two cases, notwithstanding the points that have been made by others. The length of time that these two cases have taken makes it difficult to see how justice is being done in either of them. Whatever changes the Government bring forward will not directly affect them. None the less, I urge the Secretary of State to make a final decision on Gary McKinnon as soon as possible, and the European Court on Human Rights to do the same by Babar Ahmad. Nothing we do tonight will free either of them, but we can ensure that in future others do not suffer in the same way.

9.41 pm

The Minister for Immigration (Damian Green): It is a terrible ministerial cliché to stand at the Dispatch Box and say that this has been a good and useful debate, but tonight it is true. Particular thanks should go to my hon. Friend the Member for Esher and Walton (Mr Raab) and to members of the Backbench Business Committee for securing time in this House to debate these important issues. My hon. Friend made some kind remarks about me at the start of the debate and I should reciprocate by praising not just his energy in pursuit of this campaign—this is our second debate in nine days on the subject—but the considerable legal expertise that he brings to the subject, as well as his contribution to the Joint Committee on Human Rights, whose Chairman also contributed to the debate.

As I made clear in the debate in Westminster Hall, the Government are currently considering what action to take to ensure that this country's extradition arrangements work both efficiently and fairly. I welcome multiple debates on these matters and of course the Government will take them into account when responding to Sir Scott Baker's independent review of extradition along with the work done by the Joint Committee on Human Rights and the Home Affairs Committee.

The debate on extradition in recent years has focused in large part on a number of high-profile cases. Like others tonight, I pay tribute to the hon. Members who have spoken on behalf of their constituents, including my hon. Friends the Members for Bristol North West (Charlotte Leslie) and for South Dorset (Richard Drax). We understand and take full account of the concerns raised by right hon. and hon. Members in respect of individual European arrest warrant and extradition cases involving their constituents.

As I indicated during the debate, and as my right hon. Friend the Home Secretary has said repeatedly in the context of the extradition review, it is vital that we strike the correct balance between effectively bringing offenders to justice and seeking redress for the victims of crime while protecting the fundamental rights of those who are sought for extradition. That point was made well by my right hon. Friend the Member for Haltemprice and Howden (Mr Davis). For that reason, this further debate is warmly welcomed.

Many interesting points have been made this evening, but the only one with which I flatly disagree was made by my hon. Friend the Member for North East Somerset (Jacob Rees-Mogg), who said that 1,000 years ago habeas corpus was an important part of our constitution. I would normally defer to him in matters of mediaeval history, but I do not remember in the dying decades of the Anglo-Saxon kings, underrated though they are in history, that habeas corpus featured particularly highly.

Jacob Rees-Mogg: As it happens, one can trace habeas corpus back an extremely long way, but I do not think that I said that.

Damian Green: The record will tell us which of us recollects correctly.

Moving rapidly to the 21st century—

Mr David Davis *rose—*

Damian Green: Oh dear, I should not have done this.

Mr Davis: For the first time in my life, I am ashamed of my hon. Friend the Minister—actually the record goes back to the Kings of Kent in the eighth century.

Damian Green: I can feel a fascinating and wholly irrelevant debate coming upon us, Mr Speaker.

Mr Blunkett *rose—*

Damian Green: This will be the last intervention on mediaeval history.

Mr Blunkett: I just want to make the obvious point that what matters is not when habeas corpus was agreed in principle but whether people can implement it.

Damian Green: In his known wisdom, the right hon. Gentleman brings me back to the modern era.

When we entered office last year, we recognised that there were long-standing and deeply held concerns about the UK's extradition arrangements with other EU member states and about our extradition treaty with the United States. That is why in the coalition's programme for government we made a clear commitment to review the

[Damian Green]

operation of the Extradition Act 2003 and the US-UK extradition treaty to ensure that they were even- handed. That was why the Home Secretary announced an independent review to be chaired by Sir Scott Baker and assisted by two lawyers—an important point given some of the criticisms of the Baker commission—who between them had extensive experience of extradition from prosecution and defence perspectives.

As I made clear during the debate in Westminster Hall, that panel undertook an extensive examination of the issues and carefully examined evidence from a range of parties representing all shades of opinion. Contrary to suggestions by some, the panel assessed representations from those who had experienced extradition first hand and the evidence of their families. It has also been suggested that the panel did not take evidence from solicitors representing the subjects of extradition requests. In fact, one of the panel members was himself an experienced legal representative of those subject to extradition proceedings and brought first-hand insight into the realities of extradition from the UK.

As the right hon. Member for Sheffield, Brightside and Hillsborough (Mr Blunkett) said, the review has evidently reached controversial conclusions, but I hope that we would all acknowledge that it is a serious piece of work, as pointed out by my hon. Friend the Member for Northampton North (Michael Ellis). I have been interested to hear the further points made this evening, and I am happy to assure the House that these opinions will be given the most careful scrutiny before we publish what action we propose to take in response to the review. There is a significant body of opinion from all sides that we need to assess seriously before reaching a decision.

Members on both sides of the House asked that we deal with individual cases of particular concern to them. I am, of course, happy to do that. Let me first summarise what I said about Babar Ahmad's case. He was arrested for extradition purposes in August 2004, and in June 2007 he exhausted all the available domestic avenues for contesting the request for his extradition. He then applied to the European Court of Human Rights. On 12 June 2007, the Court imposed a stay on his extradition and on 8 July 2010 declared his case partially admissible. His case remains under consideration by the Court. The allegations against him in the United States relate to alleged conduct that took place while he was in the United Kingdom. As the House knows, an e-petition on behalf of Mr Ahmad calling for him to be put on trial in the UK has attracted more than 140,000 signatures.

Of course, the Government recognise the concern of those petitioners but it is not for the Government to decide if and when someone should be prosecuted in the United Kingdom.

Caroline Lucas *rose—*

Damian Green: I am about to deal with the hon. Lady's point.

The decision about whether to bring a prosecution is a matter for the independent prosecuting authorities, and the Crown Prosecution Service has to date decided not to prosecute Mr Ahmad in the UK.

Caroline Lucas *rose—*

Damian Green: If the hon. Lady will hold on a second, I shall deal directly with her point.

The CPS has advised that a small number of documents relating to Mr Ahmad were seized by the Metropolitan police and were submitted to the domestic prosecutor for advice in 2004. The domestic prosecutor was specifically asked to advise on whether any of those documents might disclose offences under the Terrorism Act 2000 with a view to prosecution in the UK. I am advised that, on the material provided, there was insufficient evidence to mount a UK prosecution. However, when the decision was made not to prosecute Mr Ahmad in the UK, prosecutors here were aware of evidence against him in the possession of the US authorities. I understand that that evidence was far more extensive than that which was in the possession of the UK authorities. Although the CPS extradition team was in possession of some of the US material, it amounted only to that which was necessary to seek extradition, and was provided to the CPS for extradition purposes only.

The extradition proceedings in this country have concluded. The case has been heard extensively through all tiers of the UK extradition process, and extradition has been ordered. The UK courts have held that the US authorities have jurisdiction in relation to the offences of which Mr Ahmad is accused and that they are entitled to seek his extradition. The offences are crimes in both countries, thereby satisfying the extradition test of dual criminality. Mr Ahmad is now challenging extradition before the European Court of Human Rights. The Court has asked a number of questions in relation to the case; both sides have submitted observations on these points on several occasions. The extradition review panel highlighted in its report those cases that awaited a decision by the European Court of Human Rights and the amount of time that they had been before that Court. The panel recommended that the matter of the delay be taken up by the Government urgently and that the Court should be encouraged to give priority to those cases where extradition had been stayed. The Government are considering that recommendation, along with others, but the United Kingdom has pressed, and continues to press, for the Court to reach its decision as soon as possible.

Many concerns have been expressed about the length of time for which Mr Ahmad has been detained in custody awaiting the outcome of the extradition request. This has at all times been on the order of the Court, and we continue to press the Court to reach its decision on the case as soon as possible. Where the Court seeks observations or clarifications from the Home Office on the representations in the case, these are provided as soon as possible. We are acutely aware of the time that has passed since the extradition request was first made and of the importance of dealing with the matters raised as quickly as is consistent with fairness to all sides.

Caroline Lucas: Will the Minister agree to investigate why the CPS acknowledged and admitted that it had not seen all the information only on 23 November, after many, many years in which Babar Ahmad had essentially been in prison? If that information had been available earlier, the process here in the UK could have been much faster.

Damian Green: I am not sure that the hon. Lady's last point is right, but I take her general point, and obviously the CPS will have heard what she has said.

Let me turn to the case of Gary McKinnon, which has been raised many times, not least by my hon. Friend the Member for Enfield, Southgate (Mr Burrowes). This case is different from Mr Ahmad's, as it falls to be decided by my right hon. Friend the Home Secretary. I shall briefly explain the reasons for this. Mr McKinnon has exhausted all rights of appeal under the Extradition Act 2003, and the European Court of Human Rights refused an application to impose a stay on his extradition. However, under the Human Rights Act 1998 the Home Secretary is under a duty not to act in a manner that is incompatible with a person's rights under the European convention on human rights. She must therefore consider whether, as a result of events occurring after the extradition proceedings, it would be contrary to the convention for a person to be extradited. The sole remaining issue, therefore, is whether extradition is compatible with Mr McKinnon's convention rights. The Home Secretary sought the independent advice of the chief medical officer, who has provided the names of two experts whom she believes to be well placed to provide evidence on the relevant medical issues. Those experts are preparing a report that will help the Home Secretary to determine whether extradition would contravene Mr McKinnon's convention rights. We hope that the experts will report as soon as possible; but clearly a number of issues will need to be considered in depth.

During tonight's debate, as in the previous debate, a number of concerns have been raised regarding specific European arrest warrant cases. We will take careful account of the points made by right hon. and hon. Members in respect of those cases. In the case of Benny Wenda, which was raised this evening by the right hon. Member for Oxford East (Mr Smith), we understand that an internal red notice for Mr Wenda has been issued by the Indonesian authorities. That does not constitute an extradition request for the purposes of the 2003 Act. Generally, if an extradition request is issued by a country in relation to which the person sought has refugee status, the Home Secretary can refuse to certify the request, and if it comes to the attention of the courts during extradition proceedings that the person sought has refugee status in relation to the country seeking extradition, the courts can discharge the person from extradition proceedings on human rights grounds. I hope that that helps the right hon. Gentleman.

It is worth my repeating what I said on 24 November. We share the concern expressed by my hon. Friend the Member for Esher and Walton (Mr Raab) and many others—including my hon. and learned Friend the Member for Sleaford and North Hykeham (Stephen Phillips) and the hon. Member for Edinburgh West (Mike Crockart) —about the issuing of European arrest warrants for trivial offences. That is a significant issue which the Government seek to address as a matter of urgency. As I said in our earlier debate, I know that Members' concerns are shared by other European Union member states and by the European Commission. While we are considering whether wider action is required to meet the challenge and resolve the problem, we continue to discuss the matter with, in particular, our Polish counterparts to encourage their prosecutors and courts to consider proportionality before a European arrest warrant is issued.

The debate has made clear that Members in all parts of the House understand that these are complex and important issues and that there is significant evidence to be assessed, all of which requires careful analysis and reflection. The debate has provided much more useful information and analysis, all of which I know the Home Secretary will take carefully into account. As soon as we can, we will announce what action we propose to take in the light of the extradition review.

9.56 pm

Mr Raab: With the House's permission, Mr Speaker, I rise for the second time to wind up what has been an excellent debate. Let me thank the Backbench Business Committee again for making it happen.

We have heard powerful speeches on the basic principles of justice which are at stake. I doubt that I shall have time to mention all of them, but the right hon. Member for Sheffield, Brightside and Hillsborough (Mr Blunkett) started us off with the benefit of his considerable experience as Home Secretary; my right hon. Friend the Member for Haltemprice and Howden (Mr Davis) spoke passionately and at length about the importance of the presumption of innocence; the hon. Member for Aberavon (Dr Francis), the Chair of the Joint Committee on Human Rights, talked about the Committee's review and report; and my hon. Friend the Member for Bournemouth West (Conor Burns) spoke about the flaws in the European arrest warrant. I am sure that we all look forward to the publication of his report in due course.

We also heard compelling speeches from a range of Members representing victims of rough justice under our extradition laws. My hon. Friend the Member for Enfield, Southgate (Mr Burrowes) spoke passionately and powerfully about the arbitrary treatment of Gary McKinnon, while my hon. Friend the Member for South Dorset (Richard Drax) talked about the Michael Turner case. I welcome the Minister's engagement. He has listened very patiently, and I hope that he has been convinced of the case for reform and the strong consensus in favour of it in the House.

I listened carefully to the considered speech of the hon. Member for Rhondda (Chris Bryant). He seems to be rather lukewarm about the whole issue of extradition reform, but I am glad that at least he does not oppose the forum provision enacted by the previous Government.

In truth, it is for Members of Parliament in all parts of the House to stand up for our constituents, to stand up for our citizens, and to stand up for the basic principles of British justice.

Question put and agreed to.

Resolved,

That this House calls upon the Government to reform the UK's extradition arrangements to strengthen the protection of British citizens by introducing as a matter of urgency a Bill to enact the safeguards recommended by the Joint Committee on Human Rights in its Fifteenth Report, HC 767, and by pursuing such amendments to the UK-US Extradition Treaty 2003 and the EU Council Framework Decision 2002 on the European Arrest Warrant as are necessary in order to give effect to such recommendations.

Business without Debate

DELEGATED LEGISLATION

Motion made, and Question put forthwith (Standing Order No. 118(6)),

WATER INDUSTRY

That the draft Water Supply (Amendment to the Threshold Requirement) Regulations 2011, which were laid before this House on 31 October, be approved.—*(Mr Dunne.)*

Question agreed to.

COMMITTEES

Mr Speaker: With the leave of the House, I propose to take motions 3 to 5 together.

Ordered,

ENVIRONMENTAL AUDIT

That Simon Kirby be discharged from the Environmental Audit Committee and Paul Uppal be added.

JUSTICE

That Claire Perry be discharged from the Justice Committee and Steve Brine be added.

PUBLIC ADMINISTRATION

That Nick de Bois be discharged from the Public Administration Committee and Priti Patel be added.—*(Geoffrey Clifton-Brown, on behalf of the Committee of Selection.)*

Bonn Conference (Women in Afghanistan)

Motion made, and Question proposed, That this House do now adjourn.—*(Mr Dunne.)*

10 pm

Margot James (Stourbridge) (Con): Hon. Members on both sides of the House will be aware that the Bonn conference on Afghanistan took place today. More than 1,000 people from 90 states attended and Britain was represented by our Foreign Secretary, who spoke up for the rights of Afghan women during the sessions. The Foreign Office estimated that 10 of the Afghan delegation of 40 were to be women, but I believe that the number was reduced by visa problems. Whether by accident or design, it was a great loss to the conference that Fawzia Koofi, Afghan MP and presidential candidate, was reported not to have obtained her visa in time to travel, although she had a place reserved at the conference. I look forward to hearing more from my hon. Friend the Minister about progress made in Bonn today.

I offer a brief historical perspective on the position of women in Afghanistan. As we all know, the country is a traditional and patriarchal society where women have limited access to decision making and resources. Women's movement and their freedom to pursue activities outside the home have been severely limited over the years and mostly dependent on male family members. Before the arrival of the Taliban, the extent of the suppression of women varied between tribes and areas. In some parts of the country, women could and did work and had some access to education.

Historically, there has been far too much acceptance on the part of western politicians, mostly men, of the so-called traditional and cultural reasons for the persecution of women by men in many parts of the world, including Afghanistan. Indeed, had western opinion been more outraged at the policies of the Taliban from the mid-'90s onwards, perhaps a great deal of history could have been changed and many lives saved, but that was not to be and the Taliban were allowed to get on with their atrocities and extreme oppression uninterrupted until 9/11.

Jane Corbin, reporting for BBC "Panorama", interviewed members of the group Humanitarian Assistance for the Women and Children of Afghanistan. She told viewers that, from 1996 to 2001, under the Sunni fundamentalist Government of the Taliban, women were not allowed to leave their homes without being escorted by a male relative and girls were not allowed to go to school. When women did leave their homes, they were required to wear a blue burqa, which covered their bodies from head to toe. The only opening was a small net that provided an eyehole for the women to see through.

In the programme, a female teacher said that during the Taliban regime she was stopped at the market by the Taliban and beaten with a whip. Her crime: she wore a shawl covering her body instead of a burqa. She said that she was too poor to purchase a real burqa, and after that beating she was stuck in her home for months until someone was able to give her a used one.

I will not dwell further on the Taliban. Their evil rule is well documented. Suffice it to say, and with great relevance to the current peace negotiations, women in Afghanistan remember those days with despair and fear their return.

Since 2001, there has been significant progress. The rights of women are enshrined in the Afghan constitution. There is, in theory at any rate, equality in the eyes of the law. Sixty-eight of the 249 seats in Parliament are reserved for women. Nine members of the High Peace Council are women—not many out of a membership of 79, but a sign of progress none the less. There is now a national Ministry for Women's Affairs and in 2008 the Government launched a 10-year national action plan for women. It is, however, important not to adopt too celebratory a tone because, so far, there is not much to show for that Department's work and many of the female Ministers and MPs are often pushed into largely symbolic roles, according to the very brave MP and Afghan presidential candidate Fawzia Koofi, whom I had the privilege to meet in October.

Subsequently, however, there have been some welcome changes, including the passing of the elimination of violence against women law. That came into effect in August 2009, and it is a major step forward in the legal protection of Afghan women's rights. The law seeks to eliminate

"customs, traditions and practices that cause violence against women contrary to the religion of Islam."

It does so by, for example, making it a crime to buy and sell women for marriage and to offer girls as a means of dispute resolution, and by criminalising forced and child marriage.

Fawzia Koofi has stated that improvements in the rights of women are inextricably linked to improvements in governance and ensuring that there is enough space and funding for non-governmental organisations dedicated to improving governance.

Jeremy Corbyn (Islington North) (Lab): The hon. Lady is making an interesting speech. In the context of Government inaction in protecting women and of elements of corruption, she must be aware of the interesting book written by Malalai Joya, a former Member of Parliament in Afghanistan who was forced into exile because she tried to expose that corruption, and also, frankly, the hypocrisy of those who pretend to be doing something on behalf of women in Afghanistan, but in reality are doing absolutely nothing and just going along with the situation.

Margot James: The hon. Gentleman makes a good point in that there is a great deal of double-speak and hiding behind weasel words of progress. There are also a great many laws designed in theory to protect women which are not in operation on the ground. However, according to the women politicians from that country whom I have met, some progress is being made, and I shall outline the progress that is reported to me by people on the ground.

There are excellent legal aid centres, set up by non-governmental organisations Womankind Worldwide and the Afghan Women's Network, in Herat, Kabul and Jalalabad. They allow victims of domestic and sexual violence to obtain legal advice and assistance. They also provide training for law graduates on the rights of women under the Afghan constitution. Womankind Worldwide and the Afghan Women's Network will also collaborate in monitoring how the elimination of violence against women law is being implemented between now and 2014.

The position of women in education and health has also improved. Six times more children go to school now than when Afghanistan was under the rule of the Taliban. Although the total proportion is still only half the children in the country, a third of the pupils are girls, and there are now more than 3 million girls in education—although not many at secondary level. This is a step forward given that the education of girls was almost entirely banned under the Taliban.

In health, there have been great improvements in life expectancy, and a significant decrease in infant and child mortality over the past five years. Save the Children estimates that 20,000 community health workers and 2,500 midwives have been trained since 2003.

Despite the progress that has been made, many obstacles to the freedom of women remain, and there have been setbacks along the way. Much of the judiciary has proved impervious to change. The absolute denial of any form of justice to women under the Taliban is what provokes the greatest fear about the possible return of its rule to parts of the country, and the difficulties women have experienced in upholding their supposed equality before the law are legion. It is illustrated by the scandal of some 300 women estimated to be in Afghan jails at the moment charged with so-called moral crimes. These are women who have run away from forced marriages and terrible domestic violence. Worst of all, these are women such as Gulnaz, who was imprisoned for being raped—one almost has to repeat that, so incredible and barbaric is such a situation. Having been raped by a cousin, Gulnaz was imprisoned for 12 years. I will return to her case briefly in a moment.

So the progress is at best fledgling, it is certainly vulnerable, and it is patchy and non-existent in some regions. Real progress has, none the less, been made since 2001 and it is very much worth fighting to protect. I call on the Government not to trade away the rights of the women of Afghanistan in order to conclude negotiations with the Afghan Government and representatives of the insurgency.

It is important to acknowledge the role of international aid, including the Department for International Development's commitment of £130 million per annum, the considerable efforts of non-governmental organisations and the courage of individual Afghan women. I am talking about women such as Selay Ghaffar, director of Humanitarian Assistance for the Women and Children of Afghanistan, who met me and other MPs here last week on her way to the Bonn conference.

We need to recognise that after the withdrawal of troops in 2014 we will need to leverage this work all the more, and ensure that our aid policies and political pressure support the excellent work of organisations such as the Afghan Women's Network, Humanitarian Assistance for the Women and Children of Afghanistan, ActionAid, CARE International and Womankind, to name some of the most active and effective NGOs in the field. International pressure must be applied to all Governments, and most of all the Afghan Government, as it has been today in Bonn, not to trade away the rights of women during these negotiations.

The Karzai Government have been shown to succumb to international pressure from time to time, and we need to build on that. When the law to legalise rape in marriage was almost passed last year, the international chorus of disapproval forced the Afghan Government

[Margot James]

to retreat, and *The Times* has done an excellent job in highlighting the appalling case of Gulnaz, whom I mentioned earlier. She had been imprisoned for being raped, and in response to that international pressure her case has been reviewed by President Karzai and she is to be released. At one point, she faced the horrific prospect of having to marry her attacker as a condition of her release, but that now seems unlikely, thank goodness.

We then encountered the shelter regulation, which aimed to deprive women's NGOs of their right to run shelters for victims of violence and to make them hand over the shelters to representatives of the Ministry of Women's Affairs. That step was proposed to hide violence towards women by Government officials, including MPs and their sons. That was yet another area where international pressure, supporting the brave campaigning by Afghan women, forced the Government to think again. Both prior to and following the withdrawal date of 2014, it is essential that we mobilise international pressure and aid policies to prevent the hard-won gains that women have made from being sidelined or overturned.

In its vision for women and girls strategy published earlier this year, DFID set out the need for women to take a central role in our development policy. We know that when women are better educated, they are more likely to prosper economically and send their children to school. The World Food Programme has shown that when women are responsible for distributing food it is far more likely to reach the children who need it most. Not just in Afghanistan, but across the developing world, there is plenty of evidence to show that improving the lives and rights of women is a precondition of development, peace and security, which is why joining in this battle with the women of Afghanistan is so much in our own interests post-2014.

In conclusion, women at last have a voice in Afghanistan and the Taliban would dearly like to silence it. It is incumbent on us all to ensure that they do not succeed. The United Nations Assistance Mission in Afghanistan welcomed a joint report, launched on the eve of the Bonn conference last week by a group of Afghan civil society organisations and the Afghanistan Independent Human Rights Commission, called "Afghan People's Dialogue on Peace".

It is humbling to read the views of the ordinary people of Afghanistan in that report. They express their view on the peace process and what is important to them and to their community's future. The things that are overwhelmingly important to them are important to people everywhere: integrity in the Government, an end to corruption, basic health and education services, and an end to the oppression of women.

Let me finish by quoting the words of a female lawyer from the Baghlan province who contributed to the report. She expressed a view that the report said was common to many participants:

> "All Afghan citizens including women should be equally treated by their Government and they should be able to enjoy from their citizenship rights individually, not based on their gender, tribe or ethnic group; women should not be considered as second level citizens, and their appearance in social or political affairs should not be symbolic or based on their gender; they should be empowered in all aspects of their life, and all human rights standards must be respected by our law enforcement authorities."

We in this Parliament and in Britain owe it to the brave men who have sacrificed their lives in our mission in Afghanistan and to the brave women who are fighting there and who, in some cases, are sacrificing their lives in the pursuit of the freedom of justice in that country to support those words. I am grateful to hon. Members for their support in this very important debate.

10.17 pm

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Mr Henry Bellingham): I congratulate my hon. Friend the Member for Stourbridge (Margot James) on securing this important debate and praise her for her well-informed and compelling speech this evening. It is exceptionally timely, because today's Bonn conference follows 10 years on from the first Bonn conference. That set Afghanistan on the road to recovery from the damage caused by 30 years of civil war and the misrule of the Taliban. The Afghanistan of 2011 is unrecognisable from the Afghanistan of 2001.

The past 10 years have been difficult but real progress has been made. The Afghan economy is growing and the Afghan Government are providing increasing levels of basic services to the Afghan people, including in education and health. In 2001, under the Taliban, only 1 million children attended school, none of whom were girls. As my hon. Friend pointed out, by last year nearly 6 million children were attending school regularly and more than 2 million of them were girls. More than half the population can now access a health facility within one hour's walk, compared with 9% in 2002. Security is improving in many parts of the country, increasingly delivered by the Afghan national security forces. There is also progress on governance and the rule of law, but many significant challenges remain.

Today, in Bonn, the Afghan Government have chaired an international conference on Afghanistan to address these challenges and agree a path towards a stable and secure future. Some 100 delegations and about 1,000 participants attended the event. They shared a common objective: to ensure that Afghanistan never again becomes a safe haven for international terrorism and to ensure that the Afghans can be responsible for their own security and their own future.

At the conference, the international community sent a strong message of its long-term commitment to Afghanistan. UK combat troops will leave Afghanistan by the end of 2014, but our support for the country will not cease. Participants emphasised that international support for sustainable Afghan national security forces needs to continue after 2014. The international community will work to define a clear vision and an appropriately funded plan for the ANSF before the NATO summit in Chicago in May next year.

The conference also reaffirmed the international community's readiness to support the Afghan Government in developing their economy. International partners will direct financial support to Afghanistan to help to address her continuing budget shortfall and to achieve self-sustainability. We will work with the Afghans and international partners on detailed plans which we hope to discuss at the Tokyo conference planned for July next year. Alongside those steps, the Afghan Government are committed to revitalising the reform process agreed in Kabul last year and to accelerating progress on the

key development priorities. Participants also gave their backing to the Afghan Government's commitment to an inclusive and representative peace process and agreed a set of guiding principles. In addition to the internal issues, the international community signalled its firm support for improved regional co-operation by backing the Istanbul process agreed at the Istanbul conference in November.

My hon. Friend asked about today's conference. I can tell her that it focused on a number of key issues relating to the role of women in Afghan society and politics. The conference made it clear, first, that the peace and reconciliation process must be inclusive and must represent the legitimate interests of all the people of Afghanistan, regardless of gender or social status. Secondly, the conference made it clear that the outcome of the peace process must respect the Afghan constitution, including its human rights provisions—notably the rights of women. The Afghan Government reaffirmed that the Afghan people will continue to build a stable, democratic society, based on the rule of law, in which the human rights and fundamental freedoms of its citizens, including the equality of men and women, are guaranteed under the Afghan constitution. The fundamental freedoms and rights enshrined in the Afghan constitution, including the rights of women and children, are key to Afghanistan's future.

It was encouraging to see that 25% of the Afghan official delegation was female and that there was significant representation by women in the Afghan civil society delegation that attended Bonn. In addition, one of the two civil society representatives who participated in the main conference today was female. The Minister for Equalities, my hon. Friend the Member for Hornsey and Wood Green (Lynne Featherstone), attended the civil society forum preceding the Bonn conference. She also held a meeting with representatives from the Afghan Women's Network. In all her contacts, she reiterated the importance of women's rights and the UK's long-term commitment to Afghanistan post-2014.

At the civil society forum, the German Foreign Minister Guido Westerwelle and the Afghan Foreign Minister Rassoul both reiterated the commitment of the international community and the Afghan Government to upholding the rights of women in Afghanistan now and in future. Over the past 10 years, the status of women in Afghanistan has improved. A quarter of the MPs now in the Afghan Parliament are female, there are nine female members of the high peace council and there is the first female provincial governor in Bamiyan province. There are clear signs of the effective participation of women in the political process.

The Afghan Government have worked to support women throughout Afghan society by establishing a Ministry of Women's Affairs, which promotes women's rights in Afghanistan and implements the national action plan for the women of Afghanistan. In September 2010, the Afghan Government also established a human rights support unit at the Ministry of Justice to co-ordinate and advise on human rights policy and legislation across the entire Government. To complement the work of the Afghan Government there is a growing network of women's NGOs and advocacy groups across the country, which are increasingly leading the way in calling for change on women's rights issues and on the wider human rights agenda.

The UK Government continue to support this effort alongside the Afghan Government, local and international NGOs, civil society organisations and international partners to continue improving the status of women in Afghanistan. For example, we have provided support to both the Afghanistan Independent Human Rights Commission and the human rights support unit in the Ministry of Justice, including human rights training. We participate in the AIHRC donor group to ensure that the commission addresses human rights protection for men and women in Afghanistan. I praise the support from DFID, and I am very pleased to see the Under-Secretary of State for International Development on the Front Bench with me this evening. That is a sign of DFID's commitment and determination to make progress.

Our national action plan on United Nations Security Council resolution 1325 on women, peace and security includes a country action plan for Afghanistan which co-ordinates cross-Government activities on gender issues.

Jo Swinson (East Dunbartonshire) (LD): I welcome the Minister's message that involving women is important for security. I was fortunate to visit Afghanistan last month with a cross-party group of MPs and we heard much about the progress being made in training the army and the number of new recruits. To the end that we all seek, can the UK Government assist us by including in the monthly reports progress on gender equality and women's rights as we head towards transition in 2014?

Mr Bellingham: I am grateful to my hon. Friend for that practical and sensible suggestion. I assure her that we will take it on board. I can see my DFID colleague nodding.

We have undertaken wider work in areas such as education, economic opportunities and participation in public life. During a recent visit to Kabul, my right hon. Friend the Secretary of State for International Development launched Strengthening Afghanistan's civil society project "Tawanmandi", which will help Afghan civil society organisations to engage more effectively with the Afghan Government and help to make the Government more accountable and responsive to their citizens, particularly women.

Although there is significant progress, there is still much more to be done. As my hon. Friend the Member for Stourbridge made clear, women in Afghanistan continue to face huge challenges, including high illiteracy rates, domestic violence, forced marriages, poor access to health care and lack of livelihoods. The isolation of some rural communities makes it difficult to raise awareness of women's rights. I agree with my hon. Friend that progress in some of the remoter regions has been patchy, and we need to do our level best to reinforce the progress that has been made.

At the Bonn conference my right hon. Friend the Foreign Secretary made clear in his intervention the UK's strong support for women's rights in Afghanistan, and we continue to make it clear that any political settlement must be inclusive and address the concerns of all Afghan citizens. We will continue to support the Afghan Government as they work to address these issues, and continue to emphasise that a political system which represents and includes all Afghans, regardless of gender or ethnicity, is the best way of securing a peaceful and stable Afghanistan.

[Mr Bellingham]

I conclude by praising my hon. Friend the Member for Stourbridge for her indefatigable energy in pursuing and pressing this issue. Her work and her focus and passion give hope to many millions of women in Afghanistan.

Question put and agreed to.

10.28 pm

House adjourned.

House of Commons

Tuesday 6 December 2011

The House met at half-past Two o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

BUSINESS BEFORE QUESTIONS

LONDON LOCAL AUTHORITIES AND TRANSPORT FOR LONDON (NO. 2 BILL) [*LORDS*] (*BY ORDER*)

TRANSPORT FOR LONDON (SUPPLEMENTAL TOLL PROVISIONS) BILL [*LORDS*] (*BY ORDER*)

Second Readings opposed and deferred until Tuesday 13 December (Standing Order No. 20).

Oral Answers to Questions

CHANCELLOR OF THE EXCHEQUER

Official Development Assistance

1. **Mr Tom Clarke** (Coatbridge, Chryston and Bellshill) (Lab): What assessment he has made of the effect of changes in gross national income on the level of expenditure on official development assistance. [84780

The Chancellor of the Exchequer (Mr George Osborne): This Government will honour the commitment that our country made to the poorest people in the world and increase aid spending to 0.7% of gross national income. To ensure that we do not exceed that target, we have adjusted the spending plans of the Department for International Development. Its budget will now increase from £7.8 billion this year to £10.6 billion by 2014-15.

Mr Clarke: Is the Chancellor still committed to ensuring that he places the achievement of 0.7% GNI for overseas aid as a specific commitment for 2013 and in the legislation that the Government have promised?

Mr Osborne: I am absolutely committed to that legislation, but more importantly, frankly, we should be delivering the commitment on the money for the aid budget. We are doing that in very difficult times. We are doing it, I hope, on a cross-party basis. We are, as I say, honouring our commitment to the poorest in the world. Even in these difficult times, Britain has not forgotten its obligations to the world's poorest.

Charlie Elphicke (Dover) (Con): While I congratulate the Government on holding to this spending and maintaining this commitment, is the Chancellor aware that France, Germany and other European nations have not done so well in adhering to their commitments and are therefore pledged to, or desire, a financial transaction tax? Will he be trenchant in making sure that this does not happen, as it will damage our economy and our growth?

Mr Osborne: There are arguments for, and very much against, a financial transaction tax, but a real red herring is the idea that a financial transaction tax could be used to meet the aid commitments that countries have entered into alongside Britain but have not delivered on. The financial transaction tax which is proposed in Europe, and which we will not accept, has been spent about four times over on domestic programmes, on the EU budget, on climate change measures, and on aid. A far better thing for the countries of the European Union to do is to live up to the commitments they made on international development and deliver them out of their domestic budgets.

Unemployment

2. **Kate Green** (Stretford and Urmston) (Lab): What assessment he has made of the implications for his policies of the Office for Budget Responsibility's forecast for unemployment in 2012. [84781]

The Chief Secretary to the Treasury (Danny Alexander): In line with the weaker outlook for our GDP growth, the OBR has revised up the projected level of unemployment over the year term. In the autumn statement, we committed to important new steps to provide private sector job creation and reduce unemployment, such as nearly £1 million for the youth contract, an initial £1 billion for the regional growth fund, and a £21 billion package of credit easing to support small firms, which are an important source of employment in this difficult time.

Kate Green: With unemployment set to soar to 8.7% next year, according to the OBR, can the Chief Secretary explain how meeting the rising cost of out-of-work benefits helps to get public borrowing down?

Danny Alexander: The hon. Lady should also note that unemployment rose by nearly half a million during her party's time in office. The fact remains that we have to deal with the enormous problem that was left to this country in our public finances by the previous Government. The one thing that would hurt the unemployed and the poorest in this country more than anything would be stepping away from our plan and letting interest rates go through the roof, causing mortgage costs to rise, business costs to rise, and costs to the country to rise. That would be the most significant cause of unemployment that we could have.

Michael Fallon (Sevenoaks) (Con): Will my right hon. Friend confirm that the independent OBR forecasts that there will be 1 million more people in employment by 2016, even including the reduction in public sector employment? Does he agree that the route to higher employment lies not through yet more borrowing but through getting control of our deficit and opening up opportunities and improving skills, not least through the apprenticeships that the Government are introducing?

Danny Alexander: I wholeheartedly agree with my hon. Friend's assessment. He is right that the OBR forecasts the net creation of 1 million more jobs and the creation of 1.7 million jobs in the private sector over the forecast period. It forecasts that unemployment will fall to 6.2% by 2016, reflecting the fact that the commitments we have made will deliver for the British economy.

Pat Glass (North West Durham) (Lab): The Government have shown that they are very relaxed about unemployment more than doubling in constituencies such as mine and

about their economic policies hurting the poorest and the most vulnerable the most. When will they turn their attention to companies such as Vodafone, which is allegedly failing to pay millions of pounds of tax? That is an affront to the taxpayers who do pay their share.

Danny Alexander: I am not in any way relaxed about unemployment increasing in the hon. Lady's constituency or the constituency of any hon. Member. That is why in the autumn statement we set out a youth contract designed to help half a million young unemployed people to get into work and stay in work. I hope that she welcomes such measures.

Mr Philip Hollobone (Kettering) (Con): Presumably, the forecasts from the OBR on unemployment are very sensitive to interest rates. Given that interest yields in Spain have hit 7% and its unemployment rate is 22%, is it not the case that unemployment in Kettering and across the country would be far higher if the Government relaxed their deficit reduction plan?

Danny Alexander: My hon. Friend is absolutely right in that assessment. A 1% increase in our bond yields would cost the country an extra £21 billion in debt interest, and a 1% increase in market rates would cost mortgage payers £10 billion and businesses £7 billion. That is not the right solution for this country and it would certainly lead to higher unemployment. That is what the Labour party are offering.

Rachel Reeves (Leeds West) (Lab): In 2010, long-term youth unemployment fell by 36%. Will the Chief Secretary tell us by how much long-term youth unemployment has fallen since January 2011?

Danny Alexander: The hon. Lady will know that youth unemployment rose by more than 40% during Labour's time in office. It is precisely because of the rise in youth unemployment, which I do not regard as tolerable any more than she does, that we have set out the youth contract. Perhaps she recognises that her party's strategy is not working. Perhaps she is the anonymous shadow Cabinet member who was recently quoted as saying:

"The simple fact is Ed Balls' economic strategy is hurting but it isn't working."

Rachel Reeves: I failed to hear an answer in that response. The shocking truth that the Chief Secretary either will not own up to or is not even aware of is that instead of declining, long-term youth unemployment is up by a staggering 83% since January this year. This tragedy is quickly becoming a national emergency. More and more young people leaving school, college or university are missing the chance to fulfil their potential and are stuck on benefits, their talents wasted and their hopes fading. It is no wonder that the Chancellor's borrowing plans are out of control, with an extra £158 billion of Government borrowing. When will the Government change course, abandon their failed plan and support young people instead of throwing them on the scrap heap?

Danny Alexander: I did not hear a welcome from the hon. Lady for our youth contract, which will help half a million young unemployed people with real jobs, support through work experience and additional apprenticeships. If there is any tragedy in this House, it is the economic strategy of the hon. Lady and her party. I notice that she denies the deficit but does not deny the quote that I attributed to her. Perhaps I can recommend some holiday reading for her. "In the black Labour", which was written by three of her party's most successful activists, states:

"It is precisely the vagueness of Labour's position over...the deficit that confirms the voters' worst suspicions about the Party's lack of commitment to"—

Mr Speaker: Order. We are grateful to the Chief Secretary, but we will move on to questions and, hopefully, answers that relate to the policies of the Government. *[Interruption.]* I do not need any gesticulation from anyone. That is the purpose of the exercise, and that is what is going to happen.

National Asset Management Agency

3. **Ian Paisley** (North Antrim) (DUP): What recent discussions he has had with the Republic of Ireland's National Asset Management Agency on its operations in Northern Ireland. [84782]

The Financial Secretary to the Treasury (Mr Mark Hoban): Treasury officials have met NAMA officials as part of the bilateral engagement between the Irish and UK Governments. Day-to-day operational decisions are a matter for NAMA and its overall strategic decisions are set by the Irish Government.

Ian Paisley: I thank the Financial Secretary for that answer. As of today, NAMA is the single largest property owner in Northern Ireland. It is also the single largest creditor operating in Northern Ireland. It threatens to put 150 businesses and individuals into receivership. What are the Government doing strategically to address the needs of the economy in Northern Ireland to prevent NAMA from aggressively putting people out of business and taking blood from the stone?

Mr Hoban: I understand the concerns that the hon. Gentleman has identified, and I know that the hon. Member for East Antrim (Sammy Wilson) has had discussions with NAMA and the Irish Government about NAMA's strategy in Northern Ireland. I encourage the hon. Member for North Antrim (Ian Paisley) to use the mechanism that is available to Members of Parliament and of the Northern Ireland Assembly to raise his concerns with NAMA directly.

Bank Lending and Credit (Businesses)

4. **Chris Kelly** (Dudley South) (Con): What steps he is taking to reduce the cost of bank lending and credit for businesses. [84783]

The Chancellor of the Exchequer (Mr George Osborne): In the autumn statement, I announced the launch of measures to help improve the flow of credit to businesses. We expanded the enterprise finance guarantee scheme within the constraints of state aid rules, but that was not enough, so we have committed to a programme of credit easing as well, using the low interest rates at which the Government can borrow to help get low

interest rates to businesses. The national loan guarantee scheme will lead to a reduction in the cost of bank loans for small businesses, while the business finance partnership will deliver additional finance for mid-sized business through non-bank lending channels.

Chris Kelly: I thank my right hon. Friend for that answer. Can he confirm that guarantees under the Government's national loan guarantee scheme are contingent liabilities, and so will have no effect on the country's balance sheet or deficit?

Mr Osborne: My hon. Friend is right that the national loan guarantee scheme does not add to the debt or deficit; the guarantees are contingent liabilities. The previous Government had a contingent liability scheme for lending between banks, but this is a contingent liability scheme for lending by banks to small businesses. We are following the model of the European Investment Bank, which has a small programme to lend to smaller businesses in Britain. We are using that model to try to reduce interest costs for small businesses, using the credibility of the low interest rates at which we can borrow to deliver those low interest rates to businesses.

Mr Geoffrey Robinson (Coventry North West) (Lab): Given the urgency of getting credit flowing to small and medium-sized companies again, when does the Chancellor realistically expect the first loans to be made under the new arrangements?

Mr Osborne: We hope to get the scheme up and running early in the new year. We have to get state aid clearance, which is the rule that we and every other member state of the European Union have to abide by, but by following the European Investment Bank scheme quite closely, which of course is permissible, we hope to get that state aid clearance as quickly as possible and get the scheme up and running early in the new year. I do not need to be reminded of the urgency of getting help to smaller businesses, particularly as bank credit conditions tighten.

Mr Andrew Tyrie (Chichester) (Con): The major banks argue that they cannot be expected to strengthen their balance sheets and increase net lending at the same time. Does the Chancellor agree with the Governor of the Bank of England that that could be achieved if banks were prepared to cut their bonuses and dividends? In particular, is it not time that shareholders stepped up to the plate and ensured that banks behaved responsibly on the matter?

Mr Osborne: The Financial Policy Committee, which is the body that we have established in the Bank of England to provide advice on issues that affect the whole financial system, is absolutely right to say to banks that they should be using any earnings that they have to strengthen their balance sheets if necessary, rather than distributing them in larger bonuses. We need stronger banks, not larger bonuses, this winter. The advice from the Bank of England is very clear, and I would expect the banking system to follow that advice.

When it comes to shareholders, it is particularly good news that the Association of British Insurers has said this morning that it expects to see restraint in financial sector pay. We have to ensure that our banks are prepared for whatever is thrown at them in the coming months, and that they do not pay the large bonuses that used to be paid out. *[Interruption.]* They were paid out when people like the hon. Member for Nottingham East (Chris Leslie) supported the Government.

Stewart Hosie (Dundee East) (SNP): Bank lending funds business investment, so I welcome some of the measures that the Chancellor has announced. However, if the lack of lending is a consequence not of availability or cost but of reduced aggregate demand, and if business investment continues to fall or be sluggish, is he not at all concerned about the fact that the vast majority of next year's gross domestic product growth—0.7%—will be driven by business investment? Should that happen, where would it leave his growth forecasts?

Mr Osborne: Of course, the components of our GDP forecast, like the forecast itself, are produced by an independent body, the Office for Budget Responsibility, so it is not my assessment of business investment next year but the OBR's. I am confident that if we invest in the infrastructure that we set out last week, provide support for seed investment through the enterprise investment scheme that we have created and make it easier to hire people, as we propose to do, we will encourage business to invest, grow and take people on.

Taxation (Banks)

5. **Ian Lavery** (Wansbeck) (Lab): What recent assessment he has made of the level of taxation on banks. [84784]

8. **Hazel Blears** (Salford and Eccles) (Lab): What recent assessment he has made of the level of taxation on banks. [84787]

The Financial Secretary to the Treasury (Mr Mark Hoban): The Chancellor announced in his autumn statement that the bank levy would increase to 0.088% from 1 January 2012, consistent with the Government's intention to raise at least £2.5 billion each year, as set out in Budget 2011.

Ian Lavery: In the autumn statement last week, the Chancellor announced measures that will mean that the Government will raise three times as much from cuts in child tax credits than they will raise from any additional taxes on the banks. Should he not hang his head in shame at the Government's actions? When will they change course and stop their relentless, ruthless attack on those less well off in society?

Mr Hoban: The hon. Gentleman should get his facts right, because the Government are increasing the child tax credit by £135.

Hazel Blears: Earlier this year, the Prime Minister announced that the high street banks would commit £200 million to the big society bank to try to fill the £5 billion shortfall currently faced by charities and the voluntary sector. To put it another way, that is just 1.4% of the £14 billion the banks have paid out in bonuses this year. What steps will the Chancellor take, including by providing further incentives, to ensure that those financial institutions commit more to community reinvestment?

Mr Hoban: The right hon. Lady should recognise that bank bonuses are a quarter of what they were when she was in the Cabinet. The banks are doing that. The previous Government were in office for 13 years. They had no idea about introducing a bank levy. This Government have taken the right steps to ensure that banks pay their fair share of taxes.

Dr Thérèse Coffey (Suffolk Coastal) (Con): My hon. Friend will be aware that banks and financial services contributed more than £50 billion in taxes last year, but has he noted that this Government's bank levy—the permanent levy—will raise more in one year than the previous Government's payroll tax?

Mr Hoban: My hon. Friend is absolutely right. Of course, the previous Government said that the bank bonus payroll tax would be a one-off tax. This Government had the courage to go forward, and to say that we would introduce a bank levy unilaterally, which the previous Chancellor opposed. We are taking the tough action on taxing banks that the previous Government failed to take.

Interest Rates

6. **Nadhim Zahawi** (Stratford-on-Avon) (Con): What recent assessment he has made of the likely effect on the economy of an increase in interest rates. [84785]

16. **Claire Perry** (Devizes) (Con): What recent assessment he has made of the likely effect on the economy of an increase in interest rates. [84796]

17. **John Howell** (Henley) (Con): What recent assessment he has made of the likely effect on the economy of an increase in interest rates. [84797]

The Chancellor of the Exchequer (Mr George Osborne): An increase in interest rates would be particularly damaging to an economy with the UK's level of indebtedness. A one percentage point rise in interest rates would add around £21 billion to debt interest payments. That is why the Government are determined to keep Britain's fiscal credibility and to keep our interest rates low. A 1% rise in lending rates would add £10 billion to household mortgage interest repayments and £7 billion to business costs.

Nadhim Zahawi: Forty per cent. of households in Stratford-on-Avon—some 17,870 home owners—have a mortgage secured against their home. Will the Chancellor confirm that each percentage point increase in interest rates would cost the average household £1,000, and that adopting Labour's plan B and seeing our interest rates reach those of Italy would mean £89 million being taken out of the local Stratford-on-Avon economy?

Mr Osborne: My hon. Friend is right that a 1% rise on the average mortgage bill would add £1,000. That is why it is particularly important at this time and in this debt crisis that we try to keep our interest rates low. That is what the credibility of our fiscal policy is doing.

Claire Perry: Yesterday, millions of families across Europe faced a bump up in their uncertainty in their financial affairs as Standard & Poor's, the rating agency, said that it was looking potentially to review their countries' debt ratings downwards. Will the Chancellor please tell us what has happened to Britain's debt rating since the election and what the result has been for British interest rates?

Mr Osborne: The UK is the only western country that has seen an improvement in its credit rating in the past 18 months. When this Government came to office, the country's triple A credit rating was on negative watch, which is where it was put by the Labour party. I am delighted that it came off negative watch, but we must stay vigilant. The credit rating agencies have said that an abandonment of our deficit plan would definitely lead to a downgrade of the credit rating.

John Howell: The Chancellor has already commented on the impact of low interest rates on mortgages. Does he share my concern that high interest rates would affect business? Will he say a little more about the effect of low interest rates on business in this country?

Mr Osborne: My hon. Friend is absolutely right that an increase in interest rates at this time would also hit businesses with loans and lead to an additional £7 billion of business costs, which would mean some businesses failing and jobs being lost. It is all the more reason why we must maintain our fiscal credibility; it is all the more reason why every single business organisation supported our business statement last week; it is all the more reason why international organisations are backing what we have done; and it is all the more reason why the shadow Chancellor cannot find a single credible party in western Europe that supports what he is doing.

Mr Dennis Skinner (Bolsover) (Lab): Why should anybody take a blind bit of notice of the Chancellor's forecast on interest rates when he has only been in power for 18 months and he has got every other economic indicator wrong? For Christ's sake, don't go to the Prime Minister and ask him to bail you out because he was economic adviser to Norman Lamont, who lost £10 billion in an afternoon and never went near a betting shop.

Mr Osborne: The hon. Gentleman is the man who has supported a party that said there would be no more boom and bust and that gave us the biggest ever boom and the largest ever bust. I will tell him what has happened since the general election: the deficit is coming down and credibility is going up.

John Healey (Wentworth and Dearne) (Lab): The Chancellor claims that low interest rates are a sign of success of his policy. Can he tell the House how many months before the last election did the Bank of England set interest rates at the current 0.5%?

Mr Osborne: What we are talking about here are the market interest rates. Italian and Greek households and businesses are looking not at the European Central Bank official interest rate, but at the market interest rates. The market interest rates that we are paying in this country are less than 2.5% and that is a sign of the credibility that we have earned in a debt crisis. That is what we have done. Instead of opposing the difficult

decisions that we have taken to put our public finances in order, the right hon. Gentleman should be supporting them.

Chris Leslie (Nottingham East) (Lab/Co-op): The Chancellor will be aware that around 40% of Treasury bonds issued this year will be bought by the Bank of England and that the Bank concluded in its last quarterly bulletin that quantitative easing—printing money—accounts for a fall in gilt interest rates of around 1.25%. For the sake of clarity, can the Chancellor say whether he agrees with that Bank of England analysis or is he seriously saying that printing money has no impact whatsoever on low bond interest rates?

Mr Osborne: The low interest rates were there before the Bank undertook its quantitative easing programme in the autumn. We have had low market interest rates for the whole of the past 18 months, not just when the Bank of England has been undertaking its QE programme. This is what the chief economic adviser to the Treasury said in 2004: long-term interest rates are

"the simplest measure of monetary and fiscal policy credibility."

That was Mr Edward Balls.

HMRC Contact Centres

7. **Tony Cunningham** (Workington) (Lab): What recent discussions he has had with Her Majesty's Revenue and Customs (HMRC) on the provision of customer services by private sector companies in HMRC contact centres; and if he will make a statement. [84786]

The Exchequer Secretary to the Treasury (Mr David Gauke): HMRC has kept me informed about its plans for a small-scale, short-term trial to test whether the use of additional resources for contact centres from third party providers might help it to improve levels of service.

Tony Cunningham: There are obviously issues relating to the use of the private sector in tax offices. Will the Minister meet me and other constituency MPs who are affected by this rather risky pilot?

Mr Gauke: I am happy to meet the hon. Gentleman, but HMRC is exploring ways in which it can improve the service in contact centres so that when taxpayers and tax credit claimants phone up they can get through more easily and more reliably. I would have thought that that was something that hon. Members on all sides of the House would welcome.

Nicholas Soames (Mid Sussex) (Con): May I ask my hon. Friend to recognise that the service provided by HMRC contact centres is not good enough and that many of our companies have great difficulty with continuity of service? Anything that can be done to improve the service is wholly to be welcomed.

Mr Gauke: I am grateful for those comments. It is worth noting that about 70% of calls now get through to HMRC contact centres on the first attempt, whereas last year the proportion was about 40%. Progress has been made, therefore, but we want to make further progress and it is sensible that HMRC explores what possibilities exist.

Mrs Mary Glindon (North Tyneside) (Lab): Will the Minister say how many more or fewer HMRC staff there will be over the next three years?

Mr Gauke: The overall trend in HMRC employment has been downwards since 2005, when the organisation was formed, and that will continue, but we are redeploying staff, for example in enforcement and compliance, which means that additional staff are being taken on to deal with tax evasion and tax avoidance.

Tax Rates

10. **Christopher Pincher** (Tamworth) (Con): Whether he has made an assessment of the effect on the economy of setting different tax rates in each economic sector. [84790]

The Exchequer Secretary to the Treasury (Mr David Gauke): The Government's aim is to create the most competitive tax system in the G20. The corporate tax road map sets out a series of reforms in a single programme to give certainty to business, including by reducing the main rate of corporation tax to 23% by 2014. Where appropriate, the Government provide tax reliefs to support specific sectors of the economy, but simplicity is a key characteristic of a competitive tax system.

Christopher Pincher: I am grateful for that answer. One of the biggest employers in my constituency is Drayton Manor park, home of Thomas Land, and one of the greatest challenges that it faces is the lower rate of VAT levied on the leisure sector in our continental competitor countries. Has the Minister examined the case for lower VAT for the leisure sector in this country, and if he has not—I appreciate the bust that we inherited—what measures is he taking to make the industry more competitive?

Mr Gauke: We continue to look at VAT in the leisure and other specific sectors but we have to be careful to keep the tax system as simple as possible and we have to bear it in mind that such measures can simply move spending from one area to another. Furthermore, as my hon. Friend points out, we have to ensure that the public finances are in a sound state. I am sure that I remember reading one "Thomas the Tank Engine" story in which the big, unpopular engine Gordon went off the tracks. We do not want a repeat of that.

Jonathan Ashworth (Leicester South) (Lab): The Exchequer Secretary will be aware that consumption is a major part of the economy. Given that in recent days we have seen news that retail figures have been poor and the CBI has said that retail stores are laying off people at the fastest rate for two years, why will he not consider a temporary VAT cut to boost demand and get the economy moving again?

Mr Gauke: Returning to the fundamental question, the difficulty is that if we do not have credibility in the public finances and if interest rates rise, it will do nothing for consumption. We have to get control of the deficit, get borrowing down and stick to the path. We cannot grow money off the money tree, which, I am afraid, seems to be the Labour party's policy.

Regional Investment

11. **Alun Cairns** (Vale of Glamorgan) (Con): What assessment he has made of the effect of fiscal policy on the level of investment in the regions. [84791]

The Chief Secretary to the Treasury (Danny Alexander): The Government continue to support investment across the United Kingdom, including through the £6.3 billion boost to infrastructure spending over this spending review period. As a consequence of this decision, the autumn statement made available to the Welsh Assembly Government a further £216 million of capital funding. I urge the Welsh Government to consider how best to direct that funding towards growth-enhancing priorities

Alun Cairns: I am grateful to my right hon. Friend for that answer. The regional growth fund is having a significant impact in Newcastle, Teesside, Cornwall and other parts of the United Kingdom, yet the inaction of the Labour Welsh Government means that little is happening there in spite of them receiving the Barnett consequentials. Will he agree to raise the matter with the Welsh Government to ensure that my constituents can benefit in the same way as other parts of the UK?

Danny Alexander: My hon. Friend makes an important point, and he will know that the additional £1 billion of funding to the regional growth fund announced at the autumn statement generated an extra £57.6 million of additional funding for Wales. I hope very much that the Welsh Assembly Government will use that money for similar growth priorities. I shall certainly raise the matter with my counterpart in the Welsh Assembly Government, and I am sure that my hon. Friend will do the same in his own constituency.

Mr George Mudie (Leeds East) (Lab): A recent report by the Institute for Public Policy Research suggested that the economy in London and the south-east will recover by 2014, but that Yorkshire's economy will take until 2018 and that of the north-east until 2020. In view of those figures, does the Chief Secretary not regret abolishing the regional development agencies and giving the successor bodies less than half the money?

Danny Alexander: No, I do not, but I share the hon. Gentleman's view that the unbalanced nature of the economy that we inherited from the previous Government is a serious problem, particularly for regions in the north of England. That is why in the autumn statement and the spending review we prioritised additional infrastructure projects—on the roads, on the railways, and so on—with a particular focus on his part of the world. I hope that he will welcome those sorts of developments.

Sarah Newton (Truro and Falmouth) (Con): Will my right hon. Friend join me in congratulating Piran Trezise, Ian Jones and Steve Jones, who have today secured regional growth funding to regenerate the iconic Goonhilly earth station, which will bring hundreds of highly skilled jobs to Cornwall? Does he agree that regional growth funding should be used to enable businesses to rebalance our economy away from London-centric financial services towards sustainable jobs in science, technology and engineering?

Danny Alexander: That was an excellent point, and I wholeheartedly endorse what the hon. Lady says. I join her in congratulating her constituents on successfully acquiring regional growth fund support for that important project. The regional growth fund as a whole will maintain or support 325,000 jobs in the private sector across the country. That is something that Members on both sides of the House should welcome.

Mrs Jenny Chapman (Darlington) (Lab): Given the very sharp decline in applications for education from adults in the north-east, how worried is the Minister about the supply of skilled labour to our economy?

Danny Alexander: We are seeking to address that through, for example, our policies on youth unemployment and the substantial increase in our investment in apprenticeships. All that is designed to expand skills in the economy, which business constantly raises and the Government are acting to support.

Economic Growth

12. **Mike Crockart** (Edinburgh West) (LD): What assessment he has made of the reasons for the Office for Budget Responsibility's forecast of lower economic growth in 2012. [84792]

The Chief Secretary to the Treasury (Danny Alexander): The OBR is independent, so we accept its numbers, its forecasts and, of course, its analysis. The OBR attributes the lower growth prospects in 2012 to higher than expected inflation, as a result of recent global commodity price shocks, revisions to the depth of the financial crisis and the crisis in the euro area.

Mike Crockart: Does my right hon. Friend agree that the OBR is a key participant in ensuring the UK's economic recovery and that its establishment by this Government marked a step change in the transparency and openness of our economic and fiscal policy making? Further—*[Interruption.]* I have more. Does he share my view that if Labour had won the last election, we would still be without that independent assessment and thus, crucially, still in the dark about just how bad Labour's recession is?

Mr Speaker: May we have a brief reply to what was rather a lengthily constructed essay-question? I know that the Chief Secretary will respond pithily.

Danny Alexander: The creation of the OBR is a marked improvement, as my hon. Friend says, to fiscal credibility in this country. That is why other countries are looking to our example, to see whether they can follow it. Other countries are not looking to the example of Labour, whose prescription for more borrowing in answer to a borrowing crisis is the one policy that no country in Europe or the world is following.

Ian Austin (Dudley North) (Lab): Since the spending review, which the Chief Secretary took part in, the economy has grown by just 0.5%. In the year before that, it grew five times as quickly, and in Europe it has grown three times as fast, so is it not the case that what has brought economic growth to a standstill and pushed up unemployment is the utter failure of the policies that he and the Government have pursued?

Danny Alexander: The hon. Gentleman should have read the OBR's report, which analysed the depth of the economic crisis during his time in office and found that the size of the boom and the bust—which he claimed to have abolished—was larger than forecast. As a result, for every £8 that we thought we would have as a country, we have only £7. *[Interruption.]* It is an appalling legacy for this country, and he ought to be apologising, not chuntering from the Back Benches.

Mr Brian Binley (Northampton South) (Con): Does my right hon. Friend recognise that export-led growth will not reach the levels needed to match our growth projections by 2015? Will he consider other measures, over and above those already taken, to stimulate demand in the home market, especially to help the small and medium-sized enterprise sector, on which he is so reliant?

Danny Alexander: The hon. Gentleman is absolutely right to support initiatives to support the SME sector. I hope that he will therefore welcome the continuation of the small business rate relief holiday and the credit easing package, which is aimed at supporting lending and reducing the cost of lending to small businesses—one of many things that we are doing to help that vital sector of our economy.

Tax Loopholes

13. **Valerie Vaz** (Walsall South) (Lab): What steps he is taking to close tax loopholes. [84793]

The Exchequer Secretary to the Treasury (Mr David Gauke): The Government have set out a strategic approach to tackling tax avoidance, with an emphasis on preventing avoidance before it can occur. Measures introduced in the Finance Act 2011 will bring in an additional £1 billion a year over the course of this Parliament and protect further revenues. The Government will carefully consider Graham Aaronson's report on a general anti-avoidance rule and engage formally with interested parties to establish whether that could further reduce tax avoidance.

Valerie Vaz: I thank the Minister for attempting to answer my question before I have asked it. Hard-working and hard-paying taxpayers demand fairness, but the stamp duty loophole cost the Treasury almost £1 billion. The Minister spoke earlier about redeploying staff; will he confirm that he will put more resources into enforcing tax evasion?

Mr Gauke: We are putting more resources into dealing with tax evasion and avoidance. Just this morning we have announced proposals that will extend the disclosure of tax-avoidance schemes to stamp duty land tax. The biggest measure we have taken in tackling tax avoidance was on disguised remuneration in the last Finance Bill. Unfortunately, Labour Members did not support us.

Stephen Williams (Bristol West) (LD): Only today my hon. Friend the Minister has had to table written statements blocking tax-avoidance schemes in derivatives, loan relationships and capital allowances and many other measures. A general anti-avoidance rule would back up the plethora of anti-avoidance measures that this and previous Governments have had to introduce. The coalition agreement provided for a study of a general anti-avoidance rule. The Treasury now has that study; will my hon. Friend give me an assurance that it is under urgent consideration for implementation at the earliest opportunity?

Mr Gauke: I can give the hon. Member that assurance. We are grateful to Graham Aaronson and his distinguished panel for studying this issue. We are looking at it. It is important to consult properly, but we are giving urgent consideration to the matter.

Owen Smith (Pontypridd) (Lab): The Government said in August that the deal between the UK and Switzerland would close other tax loopholes and net the Exchequer an additional £4 billion to £7 billion in revenue. Will the Minister explain why the Office for Budget Responsibility described the deal last week as a "fiscal risk", declined to validate the Government's numbers, citing "significant uncertainties", and discounted the revenues from its central projection for receipts?

Mr Gauke: The agreement has not been ratified as yet; it is yet to go through the parliamentary process in this country or, indeed, in Switzerland. The OBR is rightly cautious, but even the £4 billion is likely to be greater than the amount we would have received from privatising Lloyds Banking Group and RBS. That is not an insubstantial sum of money which Members on both sides of the House should welcome. It will put an end to tax evasion through people putting their money into Switzerland.

Public Sector Borrowing Requirements

14. **Mr Tobias Ellwood** (Bournemouth East) (Con): What recent assessment he has made of the public sector borrowing requirement. [84794]

The Economic Secretary to the Treasury (Miss Chloe Smith): In the economic and fiscal outlook for November, the independent Office for Budget Responsibility forecast public sector net borrowing in 2011-12 to be £127.1 billion or 8.4% of gross domestic product. The deficit forecast for 2015-16 is £53.2 billion or 2.9% of GDP.

Mr Ellwood: I am grateful to the Minister for that reply. The public sector borrowing requirement was, of course, affected by the size of the public sector. Under the last Government, the number of public sector employees ballooned by 700,000. Although many might be important jobs such as those for doctors and nurses, has the Minister had an opportunity to do any analysis to ascertain whether every single one of those jobs was really necessary?

Miss Smith: The Treasury would not centrally manage changes to public sector work forces, but employers have been reforming their work forces since the spending review to make the necessary savings and maximise value for money. My hon. Friend is certainly right that the last Government left us a ballooning financial disaster with the highest deficit since world war two.

Benefit Changes (Women)

15. **Luciana Berger** (Liverpool, Wavertree) (Lab/Co-op): What assessment he has made of the effects on women of the changes to child tax credit and working tax credit proposed in his autumn statement. [84795]

The Exchequer Secretary to the Treasury (Mr David Gauke): The Chancellor considered the equality impacts of the changes to tax credits announced in the autumn statement, which included an assessment of the effects on women.

Luciana Berger: That was not an answer to my question. Figures from the House of Commons Library show that since the election changes to tax, pensions, pay and benefits are hitting women more than twice as hard as they are hitting men. Of the extra £18.9 billion that is being raised, £13.2 billion comes from women, with just £5 billion or so coming from men. This is the biggest attack on women in a generation. Will the Minister tell us what his Government have against women?

Mr Gauke: Let us look at some of the measures we have taken that will help women and families—the additional support for child care announced last week, for example. The increase in the personal allowance for income tax will take 1.1 million people out of paying income tax at all—and 58% of them are women.

Margot James (Stourbridge) (Con): Does my right hon. Friend agree that it is important for us to target the women who need the money most, and that the plans to double investment in child care and free education for children from disadvantaged families must be beneficial in these times?

Mr Gauke: My hon. Friend is absolutely right. We are taking steps that will provide better opportunities for children, and measures such as the increase in child care provision will help women in particular.

Capital Allowances (Regional Growth)

19. **Tristram Hunt** (Stoke-on-Trent Central) (Lab): What recent assessment he has made of the effect of capital allowances on regional growth. [84800]

The Exchequer Secretary to the Treasury (Mr David Gauke): Her Majesty's Revenue and Customs does not have the data that are required to analyse capital allowances claims by region.

Tristram Hunt: I thank the Minister for another great non-answer. Those in the ceramics sector in Stoke-on-Trent and elsewhere are concerned about the fact that the Government's package for energy-intensive industry does little to prevent further offshoring of jobs and businesses. Will the Government give careful consideration to the suggestion in the Energy Technology Criteria List that the granting of enhanced capital allowances should include the low-carbon equipment that is vital to the sustainable future of Britain's world-class ceramics industry?

Mr Gauke: I should have thought that the hon. Gentleman would welcome the measures announced last week for energy-intensive industries. We are also doing more to help the economy more broadly in the tax system. A couple of hours ago I happened to meet the chairman of one of the leading manufacturers in his industry, who was very supportive of the reduction in corporation tax from 28% to 23%.

Miss Anne McIntosh (Thirsk and Malton) (Con): York Handmade Brick Company is delighted by the announcement in last week's Budget statement, and hopes to work closely with the Government to reduce emissions and ensure that we are on track to help energy-intensive industries such as brick companies.

Mr Gauke: I am grateful for my hon. Friend's comments. We do not want to export jobs in pursuit of policies that are not effective and do nothing for UK industry.

Topical Questions

T1. [84805] **Mr Tom Clarke** (Coatbridge, Chryston and Bellshill) (Lab): If he will make a statement on his departmental responsibilities.

The Chancellor of the Exchequer (Mr George Osborne): The core purpose of the Treasury is to ensure that the economy is stable, to lay foundations for growth and employment, to reform banking, and to manage the public finances so that Britain starts to live within her means.

Mr Clarke: I thank the Chancellor for his reply to my supplementary question earlier. May I put it to him that his announcement last week that £1 billion was to be taken from international aid over the next three years suggests that, in the Prime Minister's words, he is balancing the books on the back of the world's poorest?

Mr Osborne: I do not agree with the right hon. Gentleman. I think that people should reflect on the fact that we are making some very difficult decisions in the current Parliament about welfare benefits and departmental spending, and that much of that is controversial. During this period, spending on aid is set to increase from £8.5 billion to £12 billion, which is a big increase. I think that if we start to attack that commitment—if we say that it is not enough, and the like—the coalition of support for the increase in aid spending that I believe exists throughout the House will start to fall apart, and I do not think that we want to go down that route. We have made our commitment to the poorest in the world. We will be one of the first countries in the world to hit the target of spending 0.7% of our gross national income on aid, and I think that we should all support and welcome that.

T2. [84807] **Andrew Rosindell** (Romford) (Con): I commend the Chancellor on the Government's decisions to protect the lowest paid in the public sector pay freeze and to take 1 million people out of income tax altogether, but will he tell us what effect that will have on working women?

Mr Osborne: Sixty per cent. of the lowest-paid workers whom we have taken out of tax are women, as are 80% of those who benefit from our policy of exempting the lowest-paid in our public sector from the pay freeze.

Ed Balls (Morley and Outwood) (Lab/Co-op): In October this year, the International Monetary Fund advised the Chancellor that

"if activity were to undershoot current expectations and risk a period of stagnation or contraction, countries that face historically low yields (for example, Germany and the United Kingdom) should also consider delaying some of their planned consolidation."

At the time when the IMF warned of the risks of growth undershooting, what were its forecasts for growth in the UK in 2011 and 2012?

Mr Osborne: I do not have the IMF forecast to hand, but as I remember it was absolutely in line with other forecasts at the time. It was very much as we expected, but when the IMF produced that forecast it asked the question again of whether Britain should change its deficit plan policy, and it said no. In doing so, it joins a host of other organisations, ranging from the OECD to the CBI and the Governor of the Bank of England here in Britain, which make it very clear that Britain must stick to its deficit reduction plan.

Ed Balls: In October, the IMF said that if growth

"were to undershoot current expectations"

the Government should change course. The Chancellor did not know the answer to my question, so let me give him the answer. The IMF was forecasting UK growth of 1.1% in 2011 and 1.6% in 2012. The latest Office for Budget Responsibility forecast is that the UK is now expected to grow by just 0.9% this year and to grow next year not by 1.6% but by 0.7%.

Let me share another international judgment with the Chancellor:

"Wiser policies, mixing short-term stimulus with longer-term deficit reduction, should have been embraced last year...Instead, the Cameron government persists on a failed, irresponsible course that is unlikely to lead to recovery anytime soon."

With growth undershooting IMF expectations in October, with borrowing now set to be £158 billion higher than he planned, and with even the IMF calling for a change of course, why is the Chancellor ploughing on? If even across the Atlantic *The New York Times* can see that it is not working, why can the Chancellor not see it?

Mr Osborne: The managing director of the IMF has clearly said that the "policy stance" in the United Kingdom "remains appropriate." The right hon. Gentleman talks about international support, and not one single credible mainstream party in Europe is advocating the position that he advocates in the UK. We have done some research, and we have found that the Workers Struggle party in France supports what he is doing, as do the Communist parties of Spain, Switzerland, Finland, Romania and Moldova. Those are his new fellow travellers. If he had his own Communist manifesto, it would be "Workers of the Labour party unite! We have nothing to lose except our shadow Chancellor."

T4. [84809] **Chris Skidmore** (Kingswood) (Con): The small business rate relief holiday has proved vital to many companies in Kingswood and across the country. Does the Minister agree that many of those companies will welcome the extension of that holiday?

The Exchequer Secretary to the Treasury (Mr David Gauke): My hon. Friend is absolutely right. The measure will provide support in the form of a reduction in business rates for more than 500,000 small businesses and 29% of all shops for the whole of the next financial year.

T3. [84808] **Emma Reynolds** (Wolverhampton North East) (Lab): Will the Chancellor tell the House and the country whether it is fair for the brave men and women of our armed forces to face a pay freeze?

Mr Osborne: The decision to freeze public sector pay was, of course, a difficult one. I am not sure whether it was opposed by the Labour party; I do not think it was, but I stand to be corrected. Although it was a difficult decision, in respect of our armed forces we sought to double the operational allowance to give tax-free help to those who are risking their lives at this moment fighting for us in Afghanistan. We have also sought to double the council tax relief for our brave armed services when they go abroad. We have not changed the incremental pay increases that people—for example, those in the Army—get through their contracts, and we are enshrining the military covenant in law. So we are absolutely aware of the struggle and sacrifice the armed forces undertake on our behalf and we honour their sacrifice.

T7. [84812] **Claire Perry** (Devizes) (Con): I hope it is not giving away too many House secrets to say that it is rumoured that the shadow Chancellor will be reprising his role as Father Christmas at the Westminster Christmas party tomorrow. If that is true, I am sure many children will tell him about their presents, and a recent survey suggests that the average cost of Christmas for a child is £112.50. Is the Chancellor aware that that is almost exactly the same amount that this Government are giving families through the council tax freeze and the reductions in fuel duty we have proposed?

Mr Osborne: I am sure that Father Christmas tomorrow will welcome that. Given that my wife is opening the Christmas party with the shadow Chancellor tomorrow, it will certainly be an event worth turning up to.

T5. [84810] **Mr Adrian Bailey** (West Bromwich West) (Lab/Co-op): Does the Chancellor agree with the chief executive of the Engineering Employers Federation, Terry Scouler, that

"the biggest threat to reducing"

the

"deficit comes from weak growth"?

In view of the fact that growth is dependent on demand, that this country is confronted over the next two years with the biggest squeeze on its living standards in a very long time, and that demand in our main export market, Europe, is also falling, can he tell us where that growth is coming from?

Mr Gauke: May I point out to the hon. Gentleman that Terry Scouler is supportive of the steps we are taking to get the deficit under control, and made that very clear last week. He was also supportive of some of the measures we announced last week, such as the reforms relating to R and D tax credits, which will help manufacturing.

Mark Pawsey (Rugby) (Con): On Friday, I met businesses in my constituency at an event organised by our local enterprise partnership. They tell me that access to finance is one of the most important issues they face. Will the Chancellor confirm that the measures introduced in the autumn statement will provide more and cheaper finance to businesses in Rugby?

Mr Osborne: That is absolutely the intention of the national loan guarantee scheme. It is designed to help small businesses, in particular, with turnovers of less

than £50 million to get access to cheaper credit—in other words, to pass on the low interest rates that we can borrow at, because of the difficult decisions we have taken, to those businesses in Rugby and elsewhere.

Mr Wayne David (Caerphilly) (Lab): Will the Chancellor give a commitment to the English regions that they will receive all the European regional development fund money they are entitled to—or will that money end up with the Treasury?

Mr Osborne: If there are good projects that need European support and we can put together a joint bid and the resources to do that, of course we will do that. But let me make a broader point: disparity between the regions of this country grew over the past decade and ultimately, what we have got to do is to help the private sector across the regions to grow, as well.

Duncan Hames (Chippenham) (LD): Unlike the previous Government, this coalition Government agreed £1 billion in compensation to qualifying Equitable Life policyholders. Yet, judging by the Minister's written answers, as recently as six weeks ago less than £500,000 had been paid out. What action will he be taking to ensure that the payment scheme finally gets compensation to policyholders without further delay?

The Financial Secretary to the Treasury (Mr Mark Hoban): We are on track to pay out £500 million in compensation to policyholders this year. We have completed a pilot testing phase to make sure that the system works, and I can advise my hon. Friend that we have made 3,000 payments to policyholders just today.

Tom Greatrex (Rutherglen and Hamilton West) (Lab/Co-op): In one of his earlier answers, the Chief Secretary to the Treasury referred to the infrastructure fund announced last week. Given his comments of last week, can he confirm to the House precisely how much of the £1 billion allocated to carbon capture and storage will now be available for CCS projects before 2015?

The Chief Secretary to the Treasury (Danny Alexander): As the hon. Gentleman will know, the consequence of last week's infrastructure announcement for Scotland is an additional £430 million to be spent in Scotland. We have said throughout this process that £1 billion is available for the carbon capture and storage project. The likelihood is that that project will be delayed because of the failure to agree the Longannet project, and we will make funds available as soon as the competition is completed.

Harriett Baldwin (West Worcestershire) (Con): Given that it is the festive season, will the Chancellor be able to spend the proceeds of his bank tax more than 10 times over?

Mr Osborne: Sadly, I am not a quack doctor who can perform miracles and take a bank bonus tax and spend it 10 times over. What we have done is to introduce a permanent annual levy on the banks that raises in each and every year more than was ever raised in any year of the previous Labour Government, and we are using that to pay for things like new nursery care for disadvantaged two-year-olds, and of course to deal with our deficit.

Sheila Gilmore (Edinburgh East) (Lab): Earlier, the Chief Secretary to the Treasury indicated that the reason for the slow growth in the past year was the depth of the recession. He quoted the OBR report, but it goes on to say that the recovery in 2009 was stronger than previously reported, and that decline started only in the latter part of 2010. Why did he not tell the House and the country that?

Danny Alexander: The hon. Lady should recognise that the OBR cited three reasons. It said that the bust was bigger and the boom was greater under the previous Government. I would have thought that she would stand up and apologise for that, as well as recognising that the high costs of commodities over the past year has slowed growth now and that the risks posed to the eurozone are what is causing a slowdown in demand at the moment. That is what the OBR said and she should accept it.

Sir Peter Tapsell (Louth and Horncastle) (Con): What percentage of our foreign exchange reserves are in the euro?

Mr Osborne: We publish, on an annual basis, a breakdown of our foreign exchange reserves, and this Government, like previous Governments, do not give a running commentary on the composition of those reserves.

Dame Anne Begg (Aberdeen South) (Lab): Is Her Majesty's Revenue and Customs trying to maximise its income by not warning businesses immediately that they have incurred a penalty for late payment of PAYE? Businesses in my constituency have been facing huge bills because HMRC has taken six months before letting companies know about the fines they are incurring.

Mr Gauke: I am grateful to the hon. Lady for raising that point. I assure her that that is not a revenue-raising policy, but I am happy to raise her particular case with HMRC and find out what has happened in those circumstances, if she would like to contact me.

Philip Davies (Shipley) (Con): Which strategy does the Chancellor think is best for dealing with a deficit caused by overspending: cutting expenditure by more than 8% over the next four years, as the Irish Government are doing, or increasing cash expenditure by more than 5% over the next four years, as this Government are doing?

Mr Osborne: I think, of course, that we have got the fiscal judgment right in this country, which is one of the reasons for the support we have had from international investors and others. Each country must make its own decisions. Ireland has had to make some very difficult decisions, although because of the interconnectedness of the British and Irish economies it is to be welcomed by everyone in this House that better economic news has come out of Ireland more recently.

Huw Irranca-Davies (Ogmore) (Lab): Given successive quarters of downward revision of the growth forecasts by the Office for Budget Responsibility and given that eurozone countries are now outstripping the UK in

terms of upward growth figures, is the Chancellor proud to have abolished boom and bust and to have replaced it with bust and bust?

Mr Osborne: I do not know how long it took the hon. Gentleman to dream up that question, but he would have spent his time better reading the economic forecasts that he purported to give the House of Commons. They show the OBR downgrading its eurozone growth forecasts, and of course the OECD has forecast quite deep recessions in some eurozone countries. The Labour party really has taken the most extraordinary position; in this week when we have the European Council meeting coming up, those in the Labour party are literally the only people in Europe who think that the eurozone crisis is not having an impact on the British economy or the other European economies. It is absolutely bizarre and it shows why, in a week when some of the numbers have been going up, the one number that continues to fall is on the economic credibility of the Labour party.

Tessa Munt (Wells) (LD): What plans does the Chancellor have in place for peer reviews of the Crown dependencies and the overseas territories, and what sanctions will be in place for individuals, banks and businesses that are found not to be complying with international tax standards and are guilty of money laundering and tax avoidance?

Mr Gauke: Of course we monitor these matters very closely and are in discussions with Crown dependencies and overseas territories, many of which are taking substantial steps to improve their compliance with international tax standards. We welcome that and will further encourage it.

Jonathan Edwards (Carmarthen East and Dinefwr) (PC): By what means will infrastructure projects in Wales, Scotland and Northern Ireland access finance from the pension funds element of the capital investment programme announced in the autumn statement? Is it a matter for the devolved Governments to put forward projects or not?

Danny Alexander: The agreement we have reached with pension funds will, in due course, set up a vehicle that enables pension fund investment to be made in infrastructure projects right across the UK. Of course there are many infrastructure projects in the private sector in Wales, in Scotland and in Northern Ireland where that money can help to deliver those projects more quickly. The Welsh Assembly Government will be free to bring forward projects for which they think private sector money is suitable. I also say to the hon. Gentleman that we are in discussion with the Welsh Assembly Government about their proposals for expanding the M4, which is a significant infrastructure project in its own right for Wales, for which Government money will need to be deployed.

Several hon. Members *rose—*

Mr Speaker: Order. I am sorry to disappoint colleagues, but Treasury questions remains a popular sport, in which demand rather heavily exceeds supply.

Benefits Uprating

3.34 pm

The Minister of State, Department for Work and Pensions (Steve Webb): Mr Speaker, with permission I should like to make a statement about the uprating of social security pensions and benefits for 2012-13. I shall place in the Vote Office full details of the new rates that are due to come into force from the week of 9 April 2012 for each pension and benefit, and arrange for the figures to be published in the *Official Report*.

As part of his autumn statement last week, my right hon. Friend the Chancellor of the Exchequer announced the rates of tax credits for 2012-13, and today I am announcing the uprating of those social security pensions and benefits for which my Department is responsible. As my right hon. Friend Chancellor pointed out in his statement, uprating in 2012-13 would protect

"those who have worked hard all their lives…poorer pensioners…those who are not able to work because of their disabilities…those who, through no fault of their own have lost their jobs and are trying to find work."—[*Official Report*, 29 November 2011; Vol. 536, c. 802.]

Starting with those who have worked hard all their lives, I should like to turn to one of the early actions of the coalition Government: the restoration of the earnings link for the basic state pension. This Government not only made good on the pre-election promises to restore the link with earnings, we went one step further by protecting the future value of the basic state pension with a triple guarantee—that the basic state pension will rise each year by the highest of growth in earnings, prices or 2.5%. The triple guarantee means that even in times of slow earnings growth, we will not see a repeat of small rises such as, for example, 75p in 2000.

The new rate for the basic state pension will be £107.45 for a single person, an increase of £5.30 a week. I can announce, therefore, that from April 2012, the basic state pension is forecast to be 17.1% of average earnings, a higher share of average earnings than in any year of the Labour Government since 1997.

I turn now to additional state pensions, commonly referred to as SERPS—the state earnings-related pensions scheme. In April 2010, one of the last acts of the previous Government was to freeze SERPS pensions. This was in the apparent belief that pensioners had not experienced any inflation in the preceding year. That was solely because the retail prices index was negative in the year to September 2009, with the rising cost of goods and services swamped by falling mortgage rates. However, in April 2011 we increased SERPS pensions by 3.1% and I am pleased to confirm that this year SERPS pensions will also rise by 5.2%. That means that the total state pension increase for someone with a full basic pension and average additional pension will be around £6.70 a week or £348 a year.

The standard minimum guarantee in pension credit must be increased each year at least in line with earnings. However, this would have implied an increase of just 2.8%; in other words, the poorest pensioners would have got the smallest increase. We judged that unacceptable, so instead, from April next year, the single person rate of the guarantee credit will rise by £5.35, taking their weekly income to £142.70. For couples, the increase will be £8.20, taking their new total to £217.90 a week.

To help manage expenditure, we shall be funding that above-earnings increase to the standard minimum guarantee by increasing the savings credit threshold, which means that those with higher levels of income will see less of an increase. In his autumn statement, the Chancellor told the House that we will uprate the standard minimum guarantee by £5.35 and that we would meet the cost of the over-indexation by increasing the threshold for the savings credit. That plan was correctly reflected in line 30 of table 2.1 on page 46 of the autumn statement, and it is indeed our plan. Unfortunately, the precise thresholds, which were calculated by our Department and appear at paragraphs 1.143 and 2.24, were incorrect. I apologise to the House for this error, which I am now in a position to correct. The correct thresholds for savings credit from April 2012 will be £111.80 for single pensioners and £178.35 for couples.

As many hon. Members will know, an important component of our plans for uprating pensions and benefits last year was the move to the consumer prices index— CPI. We believe that the CPI is a superior measure of inflation for benefits and pensions uprating. That is because the basket of goods on which it is based is a better match for the spending patterns of pensioners and others on a low income, and because it takes better account of the way in which lower income households respond to price changes. It is also the headline measure of inflation in the UK, the target measure of inflation used by the Bank of England, and internationally recognised. I am pleased to say that last week the High Court upheld the Government's position that the CPI can be used for pensions and benefits uprating.

The coalition will ensure that the value of other social security benefits is maintained through a rise of 5.2%, even in these tough economic times. This means for disabled people, above and below pension age, through disability living allowance and attendance allowance, an increase of 5.2%; for people of working age who are not fit for work, through employment and support allowance, an increase of 5.2%; and for people who have lost their jobs, through no fault of their own, through jobseeker's allowance, an increase of 5.2%.

On local housing allowance, at the emergency Budget in June 2010, the Government announced that from 2013, local housing allowance rates will be calculated annually by using the lower of the rent at the 30th percentile of local rents or the previous year's rate uprated by reference to CPI. This will end the monthly uprating of LHA rates and bring the system into line with the uprating of other pensions and benefits.

As part of the preparation for this change, we need to fix LHA rates, to establish a baseline from which they will be uprated in future. As the new cycle for uprating LHA will be annual, we have decided that the baseline should be one year ahead of the first uprating event. Therefore, LHA rates will be fixed from April 2012. This approach means that there will be no reductions in ongoing awards as a result of this change.

So at a time when the nation's finances are under severe pressure, this Government will be spending an extra £6.6 billion in 2012-13 to ensure that people are protected against cost of living increases: no less than £4.5 billion extra on state pensions; over £1 billion extra on disabled people and their carers; and over £1 billion extra on people who are unable to work through sickness or unemployment.

We protected the triple lock, securing the largest ever cash rise in the basic state pension. We have uprated the pension credit as well, so that the poorest pensioners benefit in full from the triple lock. We have uprated working age benefits by 5.2%, protecting the real incomes of the poorest. Through this statement, I have outlined our firm commitment to ensure that even in these difficult times, no one is left behind. I commend this statement to the House.

Gregg McClymont (Cumbernauld, Kilsyth and Kirkintilloch East) (Lab): I thank the Minister for advance sight of his statement, and welcome some of his announcements about the uprating of pensions. I am delighted that on the issue of increasing the state pension age further, the Government have learned from some of their mistakes on the previous round and will at least give adequate notice to those affected. That is a positive move. I welcome the U-turn on the mobility component of disability living allowance. The change should never have been proposed. We, along with disability campaigners, have argued hard for a U-turn and we are pleased that the Government have taken that action.

Last year, in the wake of the autumn statement, the Minister told my predecessor that his Government had embarked on decisive action to take Britain out of the danger zone. What a difference a year makes. The Government's economic policy has failed and is failing, and working families are paying the price. It is when a Government's back is against the wall that their true character is revealed, because that is when the difficult choices have to be made. The failure is writ large in the Government's revised borrowing forecasts.

We know that the Chancellor told the House that he is going to borrow £150 billion more than he planned—£150 billion more. The Government are fond of the credit card analogy, and £150 billion is an astonishing extra debt to add to the nation's credit card bill. It is the price of failure, and this failure is nowhere more apparent than in the extra £29 billion, largely the price of rising unemployment, which the Government project they will spend on benefits. What the Minister failed to say in his statement today is that to pay for the Government's own failure, they propose to take twice as much money from children and families as they do from bankers.

Let us look at the impact on families and women. We are left with a benefits policy that hits the poorer hardest. The Institute for Fiscal Studies, which used to employ the Minister, has said that measures in the autumn statement would

"take away from lower-income families with children."

Even the Secretary of State had to admit to the House last week that the bottom 30% do quite badly. The Government's benefits policy will hit women harder than men. The House of Commons Library estimates that of the £2.37 billion raised from tax credits and public sector pay changes introduced in the autumn statement, 73%—£1.73 billion—will come from women and 27% will come from men. Taking together all the changes to direct tax, benefits, pay and pensions announced by the Chancellor since the general election, of the £18.9 billion the Government are raising each year, £13.2 billion comes from women. Women are being hit twice as hard as men.

In addition, the Government's benefits policy will increase child poverty. In its distributional analysis of the autumn statement, the Treasury has admitted that as a result of Government decisions the number of children living in households with incomes below 60% of the median will increase by 100,000 in 2012-13, which means more children living in poverty. The IFS now estimates that the number of children living in poverty will rise by 600,000 over the next period. Surely the Government and the Minister cannot be proud of that.

Let me ask the Minister some straightforward questions. Minister, you signed up to the Child Poverty Act 2010. Do you believe that under the terms and definitions of that Act child poverty is set to rise under your Government? You will have studied the IFS—

Mr Speaker: Order. I gently say to the shadow Minister that he knows that debate should be conducted through the Chair and that use of the word "you" is not encouraged in the Chamber. We would be grateful if he addressed the Minister through the Chair. We are grateful that he has some questions, but he must wrap them up pretty sharpish.

Gregg McClymont: Thank you, Mr Speaker.

The Minister will have studied the IFS presentation. Will he confirm that its conclusion is that the people who will pay most will be those in the bottom 30%? Does he agree with the Secretary of State that work incentives will be diminished by the Government's actions in the autumn statement and that the changes to tax credits and public sector pay announced in the autumn statement will hit women disproportionately?

Steve Webb: I am grateful for the bits of the hon. Gentleman's speech that actually responded to my statement, because he appeared to agree with us entirely. I am grateful for his support for our increase in the basic state pension, our announcement on the state pension age and our changes on the mobility component of DLA. I also agree that we see the true colour of a Government when their back is against the wall. Notwithstanding the huge pressure on the public finances, for reasons he might understand, we took the view that protecting the most vulnerable was a priority. That is the true colour of this Government.

The hon. Gentleman asked about the distributional impact of the measures we have taken. I refer him to Chart 1.C of the distribution analysis published by the Treasury last week to accompany the autumn statement, which takes account of not only the measure set out in that statement, but the cumulative impact of all that we are doing. I am sure that he will not want to be selective and will look at the whole picture. Page 4 of the analysis includes a chart ranking people by what they spend, which shows that the proportion lost rises with income. In other words, the smallest amounts lost are for the lowest households and the largest cash amounts lost are for the highest households *[Interruption.]* Yes, cash is what matters to people.

The hon. Gentleman asked about work incentives, and I am pleased to say that with his support the universal credit that my right hon. Friend the Secretary of State wants to introduce will be the biggest boost to work incentives for many generations. Starting in 2013, we will be rewarding work instead of penalising it, and the best thing that we can do for low-income households is to enable them to work and to support them in that.

[Steve Webb]

The hon. Gentleman did not mention the many things that we are doing for low-paid working households, such as the personal income tax allowance increases, the council tax freeze, the cuts in fuel duty and, above all, the low-interest-rate environment, which for households with mortgages is crucial to their living standards. I am grateful to him for the measures that he did welcome, but there was a lot more that he should have welcomed.

Mrs Anne Main (St Albans) (Con): I am sure that the £6.6 billion that the Minister has announced today will be welcome to many families in the UK, but I am extremely concerned that the European Commission is seeking to open that benefit pot to European benefit tourists who seek to avail themselves of it. That £6.6 billion will be in no way enough if we are to encompass benefits for European benefit tourists.

Steve Webb: I can assure my hon. Friend that my right hon. Friend the Member for Epsom and Ewell (Chris Grayling), the employment Minister, has quite categorically stated that Britain does not believe in benefit tourism, and that we will do all we can to prevent it.

Mr Frank Field (Birkenhead) (Lab): Is it not true that the Minister's partial statement today will in the next couple of years result in decreasing the incentive to work? If the Treasury believed in localism and had given the £6.6 billion to the Department to spend on uprating as it wished to, would not the Minister have made a statement today that increased work incentives rather than decreased them?

Steve Webb: The right hon. Gentleman, for whom I have a great deal of respect, will be aware that the reward for working comes from a combination of factors, one of which is the tax burden on the low-paid, and that this Government have twice increased the personal tax allowance by about £1,500. That is worth more than £300 a year for a standard rate taxpayer and, for two members of a couple in low-paid work, is a £600 gain with more to come. That is a real reward for working which all too often they have not had in the past.

Jenny Willott (Cardiff Central) (LD): I welcome the fact that the state pension and the state earnings-related pension scheme will rise by 5.2%, and that pension credit will do so above earnings, but different levels of uprating and a complex system can make it difficult for pensioners to understand exactly what they should expect. Will the Minister do all that he can to simplify the system and bring in a flat-rate pension as soon as possible, so that pensioners are able to see clearly and easily what pension they should expect?

Steve Webb: My hon. Friend is characteristically persuasive. It is absolutely clear that a system in which we pay a wholly inadequate basic pension—we pay a pension that, even after the uprating to £107 a week, is not enough to live on, so we will top it up—cannot be a sustainable basis for the future. We therefore continue to develop our proposals for state pension reform, precisely so that we get more money to people automatically, with less reliance on complicated means tests that mean too many people do not get what they should.

Gloria De Piero (Ashfield) (Lab): Children's well-being does not just depend on benefits; it is often about child maintenance, too. So what is fair about charging single parents to use the Child Support Agency?

Steve Webb: The Under-Secretary of State for Work and Pensions, my hon. Friend the Member for Basingstoke (Maria Miller) brought forward proposals only this week to make child maintenance more effective, because, as the hon. Lady rightly says, getting child maintenance paid is crucial. We believe that far too little is paid and the cost of collecting it is disproportionate to what we receive, so we need an efficient child maintenance system, and that is what we propose to bring forward.

Nigel Mills (Amber Valley) (Con): Does the Minister agree that rather than trapping more low-paid families in the complicated web of means-tested benefits, which has done so much damage already, taking them out of tax altogether is by far the better approach?

Steve Webb: My hon. Friend is quite right that we have already taken, I think, just over 1 million families or individuals out of tax. We have a long-term goal of a £10,000 tax-free allowance, which would take out millions more, but what is often not understood is that couples in which both members go out to work to make ends meet get twice as much benefit. Each benefits from the personal tax allowance increase, so it helps precisely those most hard-pressed families in which both parents work all hours to keep their family going.

Dame Anne Begg (Aberdeen South) (Lab): People can get the uprating only if they get the benefit in the first place, and, despite what the Minister said about protecting those who have worked hard all their lives, there is a measure in the Welfare Reform Bill which time-limits contributory employment support allowance to one year, so a large number of people who work all their lives but drop out of work because of ill health will get nothing after that.

Steve Webb: As the hon. Lady, the Chair of the Work and Pensions Committee, knows, that is a measure in the Welfare Reform Bill being considered in another place, but we have put in place two safeguards—that the most sick and the most poor are protected. In other words, those in the support group will continue on an un-time-limited basis to get ESA, and those with no other household income will continue, through income-related ESA, to be helped. So, at a time when we have to find savings, protecting the most vulnerable and the poorest seems to us to be a priority.

Mr Philip Hollobone (Kettering) (Con): Pensioners in the Kettering constituency will warmly welcome the £5.30 a week increase in the basic state pension to £107.45. Can the Minister also confirm that for periods of extreme cold he is announcing a permanent increase in the cold weather payment from £8.50 to £25?

Steve Webb: My hon. Friend is absolutely right; it was remiss of me not to trumpet that fact. Last year, we announced that we were reversing Labour's planned cut in the cold weather payment, which was due to fall to £8.50 and will now be £25 in each year of this Parliament. Last year, we spent over £400 million to help the most vulnerable when it is freezing cold, and that is a priority for this coalition Government.

John McDonnell (Hayes and Harlington) (Lab): Many of my constituents may well have welcomed the increase, but they cannot because they are no longer receiving their benefit, particularly as a result of the extremely bizarre assessments of their disability by Atos—

Mr Speaker: Order. I apologise for having to interrupt the hon. Gentleman. I do not know what has come over the hon. Member for South West Bedfordshire (Andrew Selous). He is normally the very model of restraint, good manners and kindness to all things human and animal, and I am sure that he will recover his poise, but I want to hear the hon. Gentleman's question; if he wants to start it again, he can.

John McDonnell: Many of my constituents would have welcomed the increase but they cannot because they are no longer receiving their benefit, particularly as a result of the Atos assessments of disability living allowance. In addition to that, having lost, or not gained, their benefit, they are waiting long periods for their appeals. Will the Minister look at the length of time that people are waiting for their appeals and the number of appeals that have been postponed as a result of lack of staff?

Steve Webb: The hon. Gentleman is bringing together several different issues. It is entirely the case that at the time of the election the previous Government had given Atos a contract for the work capability assessment for ESA—not DLA—and we have gone through with the Harrington process, independent reviews and recommendations for change, all implemented by the Government. Good progress is being made on making the system fit for purpose, but getting the decision right first time is better than speeding up the appeals process, and we are doing that more and more because we are reforming the system.

Philip Davies (Shipley) (Con): Further to the point made by the right hon. Member for Birkenhead (Mr Field), how on earth can the Minister justify increasing benefits by over 5% when people who are in work are facing a pay freeze or, at best, very modest increases in their salary? Is not that another kick in the teeth to hard-working taxpayers, and does it not go against the Government's priority to try to make work pay?

Steve Webb: My right hon. Friend the Secretary of State is absolutely committed to making work pay through a combination of benefit reform, with the universal credit, with which we are pressing ahead, taking people out of tax, as well as the council tax freeze and the petrol duty cut. There is a whole range of factors about whether work pays. I believe that we have done a great deal for people in low-paid work, and there is much more to come.

Helen Goodman (Bishop Auckland) (Lab): The Minister made much of his belief that CPI protects the standard of living of pensioners, but on Friday an old-age pensioner came to see me and pointed out that the Department for Communities and Local Government target for rents in the social sector is linked to RPI. Does not that display the fact that the problem Ministers have is that they assume that everyone is like them and is an owner-occupier?

Steve Webb: I know that the hon. Lady was a Minister in our Department, and she will understand that the way the housing benefit system works is that people in the social rented sector, provided that they are not over-occupying, get their full rent, whether it is increased by CPI or RPI. The fact remains that including mortgage interest in a measure of inflation for pensioners when, as she rightly says, most pensioners do not have an outstanding mortgage, is the wrong thing to do.

Mr Marcus Jones (Nuneaton) (Con): How much better off will the average pensioner in Nuneaton be following the introduction of the triple lock guarantee and the restoration of the link between earnings and pensions?

Steve Webb: For someone retiring this year on a full basic state pension, the triple lock, we estimate, will benefit them to the tune of about £13,000 over the course of their retirement. That is a very significant change whose effects we are not yet seeing in full because earnings growth is depressed, but as it returns to more normal times, pensioners in Nuneaton and elsewhere will see real increases year after year.

Simon Danczuk (Rochdale) (Lab): As we approach Christmas, does the Minister not think it extremely sad that his latest cuts to tax credits will put a further 100,000 children into poverty?

Steve Webb: I am glad that the hon. Gentleman has raised that point, because it is a selective quotation from the autumn statement. As well as making the changes to tax credits, we are over-indexing benefits relative to average incomes. As poverty is measured in relation to average income and we are putting up benefits according to CPI, which is about twice the rise in average income, child poverty will be reduced compared with the figure that he gave. There is more to this than meets the eye.

Harriett Baldwin (West Worcestershire) (Con): The Minister will be aware that many more women than men are on pension credit and that about 60% of pensioners are women. Does this increase not therefore disproportionately help women?

Steve Webb: My hon. Friend is quite right. Not only does the pensions boost help women, but the pension credit boost helps women. Reflecting on the Opposition's question about the combined effect of our measures, it is worth saying that the one measure excluded from that question was the VAT rise. They excluded that because men, on average, have higher incomes and higher spending. In particular, they have higher spending on VATables, so the impact of the VAT rise hits men more than women. For some reason, the Opposition did not count that measure.

Hywel Williams (Arfon) (PC): May I welcome the Government's decision on the mobility component? That is vindication of the wide campaign on this issue, which included my early-day motion and the 88-odd Members who signed it. On a slightly more incredulous note, would the Minister claim that the move to CPI and the large savings to Government expenditure are entirely coincidental?

Steve Webb: I am grateful to the hon. Gentleman for welcoming our decisions on the DLA mobility component. Clearly, the decision on CPI was taken in a fiscal context. However, it came after RPI was negative and CPI was positive, so the immediate context was a year in which state earnings-related pension schemes and public sector pensions had all been frozen. I certainly could not believe that there had not been any inflation, and I am yet to meet a pensioner who could.

Nia Griffith (Llanelli) (Lab): As we all understand, with rocketing fuel and food prices these rises are not as generous as they look. Has the Department assessed the impact of the £100 cut in the winter fuel allowance, combined with the fact that those on low incomes spend a lot of money on food and fuel? People will actually be worse off, particularly those with an income that puts them just above the bracket for claiming the cold weather payment.

Steve Webb: It was entirely right that we went ahead with Labour's planned cut to the winter fuel payment. We reversed the cold weather payment cut to prioritise the most vulnerable when it is most cold. I make no apology for that. It was important to put the full 5.2% through for people with no wage because of the pressures on household fuel bills and other costs. That is why it was vital that we stood by the most vulnerable even though money was tight.

Mr Andrew Love (Edmonton) (Lab/Co-op): Will the Minister take this opportunity to admit that the policies of the coalition have led to a diminution of work incentives? If we are to believe press reports, that appears to be the opinion of the Secretary of State. Was there any consultation with the Chancellor about his autumn statement? Does this not show that the Government are in disarray over this issue?

Steve Webb: People are still better off in work. When we have the Secretary of State's universal credit, that will be even more the case. The hon. Gentleman is focusing on a narrow aspect of the measures that we have taken. Personal income tax allowance increases, the cuts in fuel duty compared with Labour's escalator plan and the cuts in council tax in real terms will all help people in work and make it pay to work. We have plans to take that further.

Mr David Winnick (Walsall North) (Lab): The hon. Member for Shipley (Philip Davies), who is yet to reach the 19th century, attacked the unemployed. I point out to the Minister that a store in my constituency had 20 vacancies when it opened and 250 people applied. Is that not an illustration of people out of work and desperate to find employment? They should not be attacked by hon. Members in the way that I have mentioned.

Steve Webb: I have no doubt that the vast majority of people who are unemployed are actively looking for jobs. Indeed, that is a condition of payment of jobseeker's allowance. We would not pay people if they were not actively seeking work. The very fact that there are many unemployed people in the hon. Gentleman's constituency—I grew up near Walsall, so I know the area well—is why we have to get the nation's public finances on an even keel. We have seen what happens to countries that do not do so.

Jonathan Ashworth (Leicester South) (Lab): Further to his answers to my hon. Friend the Member for Edmonton (Mr Love) and my right hon. Friend the Member for Birkenhead (Mr Field), who is no longer in his place, does the Minister accept that the changes to working tax credits act as a disincentive to work? Does that explain why, according to newspaper reports, the Secretary of State is so angry about that change and baffled that the Liberal Democrats pushed for it?

Steve Webb: There is a danger of missing the central points here, which are that people are better off in work, and we want to go further; that the tax credits are part of a package of measures, and I have listed repeatedly the many things that make work pay; and that our increases in personal tax allowances, for example, will make work pay far more than in the past. The coalition is united on that.

Sheila Gilmore (Edinburgh East) (Lab): The Minister is trumpeting the highest ever increase for pensioners, which I am sure they welcome, but is not the truth that it is so high only because inflation is so high? This is not some generous gift from the Government; it merely allows pensioners to keep up with prices. Further to that, many pensioner groups would point out that the real types of inflation faced by pensioners are actually higher than CPI.

Steve Webb: I do not recall the previous Government ever using something other than inflation or using a different rate for pensioners because of factors such as those the hon. Lady mentions. Sometimes the pensioner rate will be higher and sometimes it will be lower, but on average it will be broadly the same. There was a lot of speculation—she may even have read some of it—that we would not provide a 5.2% increase, that we would break the triple lock, that we would average out the figures or do all sorts of things, but we stuck by our promise and provided a 5.2% increase. The real value of the pension as a share of average earnings—that is what pensions are for: to replace the earnings that people used to have—is higher than in any year under Labour, and I am proud to put my name to that.

Registration of Commercial Lobbying Interests

Motion for leave to bring in a Bill (Standing Order No. 23)

4.6 pm

John Cryer (Leyton and Wanstead) (Lab): I beg to move,

That leave be given to bring in a Bill to establish a public register of organisations that carry out lobbying of Parliament for commercial gain; to make provision for disclosure of expenditure by such organisations; and for connected purposes.

The Bill is in a very peculiar position among private Members' Bills, in that it is as relevant today as it was 20-odd years ago. It was first presented to the House in 1982 by my father, who was then the MP for Keighley, and again in 1988 when he was the MP for Bradford South.

I am not seeking to bring in the Bill on the basis that I am looking for a place in the "Guinness Book of Records" for having presented the Bill with the longest gestation period in British history. The reason is that Britain now has a £2 billion lobbying industry, much of it centred here in Westminster. I believe that there is a strong mood among the public to make lobbying more transparent and accountable, and that will only be reinforced by the story on the front page of *The Independent* this morning that appears to show that Bell Pottinger and perhaps other lobbying firms have profound influence at the centre and seat of government. I will come to that later.

The Bill would require that all companies, partnerships or sole traders that sought to lobby Parliament in order to influence legislation or its application as their sole, major or subsidiary commercial purpose must be registered. It would not impede the ordinary lobbyist—the ordinary constituent or member of the public, who has a right to lobby his or her Member of Parliament. Nor would it affect the ability of a company, co-operative, trade unionist or residents association to lobby Parliament. My fear is that local groups such as residents and tenants groups do not have the financial muscle of big corporations that can bring professional lobbyists to bear on Parliament and be more successful and carry more weight as a result.

During the 1980s, when big consortia and companies were lobbying for contracts to build the channel tunnel, one Jonathan Aitken, who was then a Conservative MP, said—ironically, in light of later events:

"'What worries me most is that usually lobbying is genuine in the sense that it stems from little interest groups and concerned citizens. Here we are seeing the Panzer division of big business, their heavy artillery and tanks trampling over all the small people's interests which I want to see better defended."

I agree with that. It is odd that he should have said it, but I agree. Those Panzer divisions and that heavy artillery are now being brought to bear on possibly a greater scale than ever before.

Strangely enough, the Prime Minister agreed with me a few months ago about wanting to introduce a Bill that would establish a register of lobbyists, but he seems to have changed his mind. He promised a consultation paper on establishing such a Bill by the end of November, but that consultation paper has not yet appeared. There are now many large and powerful lobbying firms busy in Westminster, many of them specifically lobbying for health contracts, often for big, commercial health outfits based in north America. Here are a few examples: Citigate Dewe Rogerson lobbies on behalf of Benenden and Nuffield; Grayling lobbies on behalf of Cambian, GE Healthcare and Nuffield; Lexington Communications lobbies on behalf of Bupa, GlaxoSmithKline Beecham, Novartis and Pfizer; and MHP Communications lobbies on behalf of Ellipse, IMS Health, Lundbeck, Roche, Grünenthal, Hoffman-La Roche and Janssen-Cilag.

Incidentally, one special adviser at the Department of Health happens to have worked for MHP Communications before he went to the Department. That relationship might be above board, but we do not know because it is not transparent—we do not know what goes on in the heart of government.

Some will argue that the Bill is unnecessary because the Association of Professional Political Consultants has a code of conduct, but that argument simply holds no water. For instance, the code bars payment in cash or in kind to any parliamentarian, but Grayling public affairs is owned by Huntsworth, the chief executive of which is Lord Chadlington, who is obviously a parliamentarian, and Bell Pottinger public affairs is owned by Chime Communications, of which Lord Bell, who is also a parliamentarian, is the chairman. Perhaps they do it on a voluntary basis, but I doubt it; I suspect that they are paid by those lobbying outfits.

That brings us rather neatly to the story in *The Independent* today that Bell Pottinger staff have been secretly filmed making the most alarming claims to have influence at the very heart of government, even inside No. 10 Downing street. They claim to have got the Prime Minister to speak to the Chinese Premier on behalf of their business clients at something like 12 hours' notice; they boast of having access to the Foreign Secretary, the Prime Minister's chief of staff, Ed Llewellyn, and to the Prime Minister's closest adviser, Steve Hilton; and they claim to be able to get MPs—presumably from the Government Benches, although that is not made clear—to attack investigative journalists for the smallest of errors in order to rubbish stories when journalists investigate, for example, the Uzbek Government or large health conglomerates.

Reporters from *The Independent* posed as agents of the Uzbek Government, who have one of the worst human rights records on the face of the planet. Bell Pottinger aimed for a contract worth £1 million. Bell Pottinger, which since its foundation 30 years ago has been close to the heart of the Conservative party, did not hesitate to discuss signing a contract that would include lobbying on behalf of the Uzbek Government, who, apart from anything else, we are told, boiled two opponents alive in water, but there we are.

Tim Collins, the managing director of Bell Pottinger Public Affairs, is a former MP. He is not regarded over-fondly on the Opposition Benches—if I can put it that way—but he says in the film:

"I've been working with…Steve Hilton, David Cameron, George Osborne, for 20 years-plus…There is not a problem in getting the messages through".

He was talking about lobbying on behalf of the Uzbek Government when he said that there is

"not a problem in getting the messages through".

[John Cryer]

Strangely, when a No. 10 spokesman was contacted last night by *The Independent* and asked about the story, he said:

"It is simply not true that Bell Pottinger or indeed any other lobbying firm has any influence on government policy",

which is a fairly strange claim. If it is true, all former MPs who are now lobbyists, all former lobbyists who are now MPs and all full-time lobbyists have wasted their time all these years. They have had absolutely no effect on Government policy, so why did they not go and do something else? The idea that large corporations, multinational companies and big banks that hire big lobbying firms to exercise influence at the heart of government have absolutely no consequence and no influence whatever is pretty difficult to stomach.

The reality is that this Government are very close to vested interests in the City, big corporate interests and big businesses. They have not the faintest idea what is going on in 99% of the rest of the country, where people are suffering under the cuts that are being introduced with a heartlessness not seen since the 1930s. They have absolutely no idea of the effect of the cuts in public services, but they know big business and the City, partly because the City provides more than 50% of Conservative party finances. For the first time in British history, City individuals and businesses finance the—*[Interruption.]* The Chancellor is saying something from a sedentary position. Perhaps he is contradicting what I am saying, so I shall say it again very clearly: City institutions and individuals finance more than 50% of Conservative party funds. It is just those sorts of big financial interests that hire lobbying firms and that then go to No. 10, and perhaps No. 11, to exercise influence there to steer Government policy in particular directions.

If the Prime Minister were serious about introducing legislation that creates a register of lobbyists, he would take on my Bill; it has certainly been around for long enough. He would push it through its parliamentary stages and put it on the statute book. It is perfectly simple. If he is not prepared to do that, I will assume that he and perhaps the Chancellor, who was mumbling a while ago about something or other, have something to hide. Perhaps they and their advisers are a bit too close to powerful commercial interests.

4.15 pm

Philip Davies (Shipley) (Con): I have a great deal of regard for the hon. Member for Leyton and Wanstead (John Cryer) who proposed this Bill. He will know that the people in the Bradford district still have a great deal of regard for his father, who originally brought in this Bill, and for his mother, too. However, I am afraid that the Bill is typical of the Labour party's nanny state bureaucracy and its belief that the Government should have a role in everything.

Although the hon. Gentleman started by saying that he just wanted to introduce a register of lobbyists, it became increasingly clear that he was against lobbying altogether and wanted to see an end to it, but only for businesses and commercial enterprises. None the less, lobbying plays an important part in any democratic process. It gives a voice to a whole range of groups and interests within our democracy by allowing them to make their case. One of the things that I despair of in politics is that increasingly politicians want to be on the popular side of the argument and that we are in danger of having a generation of politicians who will argue for what 75% of the public want rather than the other 25%. Actually, the 25% also deserve to have their case heard, and lobbyists can play a useful role in allowing organisations that might not be immediately popular and might not even have a particularly popular message to get across to have their voice heard as well. Surely, in a democracy all voices should be able to be heard whether or not they are popular.

This Bill could lead to many organisations and Members of Parliament becoming lobby shy. Discouraging lobbying altogether, as the hon. Gentlemen wishes, would lead to poorer law-making. I make no apology for the fact that I meet people who have a particular view that they want to express. It does not mean I will end up agreeing with them, and I am sure it does not mean that the hon. Gentleman agrees with everybody who advocates their case to him. None the less, it is perfectly reasonable that they should be able to have their say and that we should be able to listen to their arguments. We can either accept their arguments if they are good ones or we can dismiss them if they are not so good. I am surprised that the hon. Gentleman has so little faith in people in this House that he thinks that just because someone makes a case to them, they will automatically agree with it, pick it up and run with it. It does not mean anything of the sort; it just means that other voices can be heard.

What was sadly lacking in the hon. Gentleman's speech was anything to do with trade unions. He had a lot to say about the lobbying of Members of Parliament by businesses, but he was reluctant to mention the importance of the lobbying of Members of Parliament by trade unions. His Bill talks about establishing

"a public register of organisations to carry out lobbying of Parliament for commercial gain".

It seems that he has deliberately designed his words to exclude trade unions from his provisions. He wants a system in which trade unions can lobby anybody as much as they like and spend as much money as they like on doing so, but anyone else in the commercial world will not have any opportunity to do so. That is his real agenda—to push forward the trade union argument.

An opinion poll conducted by ComRes asked MPs about the number of approaches they typically received each week from various organisations, and the results were startling: 59% of MPs said that they received 20 or more approaches from interest groups, but in sheer lobbying volume the approaches from interest groups that included trade unions and non-governmental organisations outnumbered those from the corporate world. The hon. Gentleman wants to entrench that position. In effect, he wants the trade unions to have all the influence that they desire and nobody to be able to argue against any of the things for which they lobby. That would be a triumph not for democracy but for his own agenda. A perfectly effective self-regulatory system is already in place.

I do not want to detain the House any further and I certainly do not intend to call a Division, but I thought it important that the one-sidedness of the hon. Gentleman's argument be made abundantly clear. The Bill is not necessary or desirable. We should be prepared to listen to people who want to lobby from all parts of society,

whether they be businesses, trade unions, charities or other organisations, and we should not support a Bill that tries to prevent certain people from getting their message across just because he happens not to agree with it.

Question put and agreed to.

Ordered,

That John Cryer, Natascha Engel, Mr Dennis Skinner, Lisa Nandy, Kelvin Hopkins, Grahame M. Morris, Bob Russell, Caroline Lucas, Mr Tom Watson and Valerie Vaz present the Bill.

John Cryer accordingly presented the Bill.

Bill read the First time; to be read a Second time on Friday 20 January 2012, and to be printed (Bill 258).

The Economy

Mr Speaker: Before I call the Chancellor, I remind the House that in view of the high level of interest in the debate I have imposed a six-minute limit on each Back-Bench contribution.

4.22 pm

The Chancellor of the Exchequer (Mr George Osborne): I beg to move,

That this House has considered the matter of the economy.

I am pleased that the House has been given this early opportunity to debate last week's autumn statement and to discuss the economic challenges that our country and continent face. Being conscious that many people have asked to speak, I shall try to tailor my remarks appropriately.

Seven days ago I set out the Office for Budget Responsibility's latest independent forecasts and the measures that we would take to reinforce our country's fiscal credibility and keep our interest rates low, increase the supply of money and credit to ensure that those rates were passed on to businesses and home buyers, and lay the foundations for a more resilient, more competitive and more balanced economy.

That was one week ago, and in the seven days since events have provided further confirmation of why these measures are necessary: countries such as Ireland and Italy have announced further budget measures from VAT rises to pension age increases, reminding us of the value of getting ahead of the markets not following them, and the credit ratings of 15 eurozone countries have been put on negative watch, while here in Britain interest rates have stayed low despite the deterioration of the fiscal forecast, which has meant that last week we continued to borrow at below 2.5%. *[Interruption.]* I thought that the shadow Chancellor was about to intervene, but we shall have to wait.

Last week I answered questions from Members who wished to ask me about the detailed policy measures in the autumn statement, and I am happy to answer such questions again today, but I thought this might also be a good opportunity to address three broader issues: first, the crisis in the eurozone; secondly, how we believe that the UK banking system should respond to the ongoing crisis and the advice that we received on Thursday from the Bank of England's Financial Policy Committee; and thirdly, given the eurozone debt crisis and the banking issues that we face, why the credibility of our fiscal policy must be constantly reinforced. Let me take each in turn.

On the eurozone, our overriding responsibility is to protect and advance the interests of the United Kingdom. Those interests are best served by the countries of the euro finding a path out of the crisis, while also ensuring that our economic interests in the single market are protected. There is no doubt that the crisis is having a chilling effect on the British economy and destroying jobs here. In the words of the Governor of the Bank of England last Thursday, it is, in his judgment, the primary cause of the downward revision of the British growth forecasts, as it was one of the primary causes of the OBR's downward revision of its growth forecast. Of course, the OBR warned us that it had assumed an orderly resolution of the crisis over the next two years.

[Mr George Osborne]

This impact sadly comes as no surprise, when 40% of our exports are to the euro area and £1 in every £7 that Britain exports goes to Ireland, Portugal, Greece, Spain or Italy. Although we must plan for all contingencies—and we are—we should not lose sight of the truth that Britain has a fundamental national interest in the eurozone sorting out its problems, even though we are not in the euro and will not be while this Government are in office.

Action is required by the eurozone on three counts. First, as Germany has argued, and as I made clear in July, there needs to be much tighter fiscal discipline within member states and much tighter fiscal co-ordination within the euro. This is the remorseless logic of monetary union. Secondly, those reforms to economic governance should provide the confidence in the future discipline that the European Central Bank requires to take whatever action is necessary to protect financial confidence. We have been calling consistently for a big firewall, properly capitalised banks and lasting structural reform, and we now need that delivered. Thirdly, all this will succeed only if there is an improvement in the competitiveness of the whole of Europe, and also, crucially, in the competitiveness of the peripheral eurozone countries vis-à-vis countries such as Germany. That will involve difficult change, but it is encouraging to see some European Governments, such as Ireland and Italy, now starting to take the necessary steps on issues such as pensions and labour market reform.

Britain has a huge interest in all that happening and has put forward specific proposals to ensure that our entire continent is not priced out of the world economy. As an open, trading nation, we benefit from the single market. We would like it strengthened and deepened, but we will also insist that our interests in the single market are protected from any future developments, including our interest in financial services. That is the approach that Britain will take to the European Council later this week. We need better regulated financial services to protect our economy when things go wrong, which is one reason why we commissioned John Vickers's report. We want a single market in Europe so that our banks, our insurance companies and our pension companies can sell their products abroad, but 70% of Europe's financial services are based in London. We will ensure as we approach this European Council that the interests of the European Union 27 are protected and that Britain's national interests are protected too. That is our obligation to the British people.

Let me turn from the eurozone crisis to what all this means for our banks. British banks are well capitalised and liquid. Not one of them was identified as a cause for concern in the recent exercise by the European Banking Authority. I remind people that retail deposits in British banks or the subsidiaries of foreign banks here in Britain are protected by our country's Financial Services Compensation Scheme, which ensures that £85,000 per person per bank is protected. Individuals with deposits in a UK branch of a European bank are protected by their national schemes.

The eurozone crisis is tightening credit conditions across the world and across Europe. The Bank of England announced today the introduction of a new contingency liquidity facility—the extended collateral term repo—which it will make available if needed. In addition, to protect small businesses from the higher costs of credit, we are pursuing the credit easing policy that I set out last week. I have set a ceiling of £40 billion on those operations, and have committed to £20 billion of guarantees through the national loan guarantee scheme, and £1 billion through the business finance partnership. Although the means are different, the ends we seek are the same.

Angela Smith (Penistone and Stocksbridge) (Lab): Is not the Chancellor's credit easing scheme an admission that his earlier deal—the Merlin deal—has completely and utterly failed?

Mr Osborne: The Merlin deal was for this year, and it was a commitment to increase gross lending to small businesses, which is what the banks have done. Of course, the previous Government, having tried net lending targets, then had gross lending targets with just two banks. The Merlin deal extended that to all the main high street banks. It was a one-year-only deal; the credit easing package that I have set out is, I think, what is required—not least in view of the tightening credit conditions across the continent of Europe and, indeed, across the world at the moment. The Government are using the credibility they have in the financial markets to borrow at low interest rates and passing those rates on to small businesses. As I said at Treasury questions, we are seeking state aid clearance and hope to have the national loan guarantee scheme operational by early next year.

At a time like this, we also have to be alert to risks across the financial system. One of the weaknesses of the tripartite regime is that no one felt they had a particular responsibility for monitoring the overall health of the financial system or felt they had the tools to do anything about it. We have created a Financial Policy Committee to do just that. We have established it on an interim basis to get it operating as soon as possible, instead of waiting for next year's primary legislation. The FPC reported last week. Let me put it on the record that it is absolutely the job of the Governor of the Bank of England to be frank with the country about the challenges we face.

As the Financial Policy Committee warned very starkly:

> "Sovereign and banking risks emanating from the euro area remain the most significant and immediate threat to UK financial stability."

The committee encouraged banks to improve the resilience of their balance sheets in a way that does not exacerbate market fragility or reduce lending to the real economy. Given what it calls

> "the current exceptionally threatening environment, the Committee recommends that, if bank earnings were insufficient to build capital levels further, banks should limit distributions and give serious consideration to raising external capital in the coming months."

That is the point put to me by the Chairman of the Treasury Select Committee just an hour ago at Treasury questions. Limiting distribution includes restricting bonuses. Excessive pay in the financial sector is a concern at any time because of the perverse incentives it creates.

When it comes to linking pay to performance and being transparent, we are implementing the most comprehensive regime of any financial centre anywhere in the world. Today the Treasury launches a consultation that will extend transparency arrangements at large

banks by requiring the eight highest-paid non-board executives to disclose their pay and bonus arrangements. This will cover an estimated 15 banks, including the largest UK banks and the UK banking operations of large foreign banks.

Gordon Banks (Ochil and South Perthshire) (Lab) *rose—*

Mr Osborne: I will certainly give way; I hope the hon. Gentleman will welcome this change.

Gordon Banks: Will the Chancellor tell us how transparency will actually reduce the income of those to whom he refers?

Mr Osborne: Transparency should make it clear to the owners of these banks—the shareholders—what the pay and bonus levels and the remuneration levels are; it will then be for them to take action. I am aware of our responsibilities as a shareholder in some banks. As I mentioned at Treasury questions, an encouraging statement was made this morning by the Association of British Insurers, which represents the shareholders who own many of these banks, saying clearly that it does not accept current levels of pay in the financial sector and that it expects reform. As I said, we had a very clear warning from the Financial Policy Committee to the financial system that it should be limiting its distributions at a time like this.

Ed Balls (Morley and Outwood) (Lab/Co-op) *rose—*

Mr Andrew Love (Edmonton) (Lab/Co-op) *rose—*

Mr Osborne: I give way first to the shadow Chancellor and then to the member of the Treasury Committee.

Ed Balls: Labour Members welcome the Chancellor's conversion to transparency in financial affairs. He will know that, following the Walker review, a piece of legislation is on the statute book that requires the publication of the salaries of all employees paid more than £1 million. Given that the legislation is on the statute book but that this Government have chosen not to enact it, will he now enact it and therefore bring about full transparency for anyone in the City earning more than £1 million?

Mr Osborne: I think that, in the interests of transparency, the right hon. Gentleman should have told the House that he was the City Minister who, for several years, had the opportunity to introduce these changes. What about the opportunity that he had to do precisely the things that we are doing today? When it comes to transparency in pay, we have consulted David Walker and others, and we think that this is exactly the right approach. We will introduce the changes unilaterally in the United Kingdom, although it is a significant financial centre, and I think that they will set an example that the rest of the world will follow.

Several hon. Members *rose—*

Mr Osborne: I will give way if one single Opposition Member concedes that Labour was in government for 13 years and presided over a banking system that collapsed.

Mr David Hanson (Delyn) (Lab) *rose—*

Mr Osborne: And the right hon. Member for Delyn (Mr Hanson) was a Minister in that Government.

Mr Hanson: Will the Chancellor give us some idea of how many bank employees' salaries of over £1 million will not be disclosed because of his failure to implement legislation enacted by the Labour Government?

Mr Osborne: Anyone listening to Opposition Members would believe that under the mythical Labour Government that apparently existed, all that information was disclosed. But was it disclosed? There was no disclosure whatsoever. I suggest to the shadow Chancellor—the former City Minister—and others that they back the unilateral measures that we are taking, which will make the financial centre here in London the most transparent in the world.

The advice of the Financial Policy Committee is clear. Banks should consider limiting bonuses this year and using profits to strengthen their balance sheets in the face of the eurozone debt storm. Let me make this plain: stronger banks, not larger bonuses, should be the priority this winter, and money that is earned should be used to build balance sheets and not to enhance payouts. That is the advice from the Bank of England, and that is the advice that the Government now expect to be followed.

Helen Goodman (Bishop Auckland) (Lab): Will the Chancellor tell us what he, as a major shareholder in some of the largest banks in the country, will do about the bank bonuses on which he can have a direct impact?

Mr Osborne: We restricted cash payouts in the Royal Bank of Scotland in the last bonus round to less than £2,000. That is what we did when we had the opportunity. The hon. Lady was a Minister in the last Government. Perhaps in 30 years' time we will discover that she was sending letters to the Treasury asking "What are we doing about transparency in pay in the City? Why do we not introduce a permanent bank levy?", and saying "I am really worried about the regulation of Britain's financial services." We will just have to wait for 30 years to find out whether, when she held Executive office, she once raised the concerns that she now raises in opposition.

Both the slow repair of our banking system and the crisis in the eurozone were identified by the Office for Budget Responsibility as causes of weaker economic activity. They are also a reminder of why it is so essential for Britain to maintain its fiscal credibility as we deal with a budget deficit that is higher than almost any other in the world. A month ago I was told by the OBR, as part of the formal preparation for the autumn forecast, that weaker economic activity would give Britain a less than 50% chance of meeting the fiscal mandate and the debt target that I had set out unless we took further action.

I believe that at that moment the OBR proved not just its independence, but its worth. It forced the Government to confront the issues at hand, and to use the weeks available to us before the statement to come up with a credible response. We know that under the previous forecast regime, those weeks would have been used to fiddle the forecasts, to tweak assumptions about the output gap, and to pencil in over-optimistic numbers

[Mr George Osborne]

on tax receipts: in other words, to do all the things that my predecessor, in his memoirs, says were done during his dealings with No. 10 Downing street. It would have been a case of choosing economic figures to fit the Government's policies, rather than choosing Government policies to respond to the economic figures.

I believe that the existence of the Office for Budget Responsibility, which was consistently opposed by the shadow Chancellor in every position that he held in the last Government, has given the whole of Parliament confidence in the integrity of the forecast.

Stephen Timms (East Ham) (Lab): Did the Chancellor use those weeks to rethink his plan, because the OBR was telling him that the assumptions on which his plan was based were mistaken? We were told that employment would rise every year, but that has not happened, and it is not going to happen. We were told that the budget would be balanced in this Parliament, and that is not going to happen either. Surely the whole plan should have been rethought?

Mr Osborne: The OBR was also very clear in its analysis of why there had been weaker growth. Over the past seven days the shadow Chancellor and others have paraded around the TV studios citing the OBR's numbers while refusing to accept the OBR's analysis of what lies behind those numbers. The OBR is very clear; it gives three reasons for the deterioration in the economic forecasts. First, it attributes the primary reason for the weakness since its last forecast to the external inflation shock of the high oil price. Secondly, it attributes the current weakness in the economic position to the lack of confidence caused by the eurozone crisis. Thirdly, it says its assessment both of the boom before 2007 and the subsequent bust and of the impact of the repair of the financial system is greater than it had previously estimated. That is its independent analysis. The Opposition cannot agree that we should now have an independent body and accept the figures it produces, only then to reject the analysis on which those figures were arrived at.

Sheila Gilmore (Edinburgh East) (Lab): The OBR does not say that the cause of reduced growth is that the recession was found to be deeper. It does say that the recession was found to be deeper but, crucially, it also says the recovery during 2009 was stronger than previously forecast and that the further decline in growth happened only in the latter part of 2010.

Mr Osborne: The OBR is very clear that the cause of its downgrade of the trend growth rate is the— *[Interruption.]* Is it any wonder that the economic credibility of the Labour party is falling week after week? The shadow Chancellor has backed it into the incredible position where only Communist parties in western Europe agree with it. The reason he has done that has nothing to do with the future political prospects of the Labour party. Rather, it has everything to do with his own personal record. He cannot be the Labour politician who admits that his party made mistakes in the run-up to the 2007 crisis, because he was the Labour Government's chief economic adviser. That is the position the Opposition find themselves in, and Labour Members know it. They are all going around telling anyone who will listen that that is their problem. Until they face up to the reality of the economic situation confronting this country—a reality they helped to create—they will not be listened to by anyone in this country.

The choice we faced when we saw the OBR's first-round forecast was not whether to fiddle the figures; instead, it was whether we should take action to respond to the changed economic circumstances. We could have done nothing, but given international events I thought that was not a risk worth taking. It may have seemed to be the easier option, but not when we considered the possible consequences for the credibility of our country in the credit markets and the risk of a rise in interest rates of the kind that so many of our neighbours have experienced. The other option was to take further action to ensure Britain was on course to meet the fiscal commitments we have made, and that was what we chose to do, with a package of measures designed to tighten policy in the medium term while using short-term savings in current spending to fund one-off capital investment in our country's infrastructure.

As I explained last week, we have put the total managed expenditure totals for 2015-16 and 2016-17 on a declining path. We have made changes to the tax credit entitlements. We set pay increases in the public sector for the two years after the freeze at an average of 1%. We have recalibrated overseas aid spending so we hit 0.7% of national income in 2013. We have also increased the state pension age to 67, starting from 2026.

That money saved in the short term has been used to fund the youth contract, new nursery provision to two-year-olds, new free schools and school places, and a major programme of road and rail building, and to help with the costs of living by extending the small business rate relief, keeping rail fare increases low, and freezing petrol duty next month, but the permanent savings—

Helen Goodman: Will the Chancellor give way?

Angela Smith: Will the Chancellor give way?

Mr Osborne: I have given way to both hon. Members, and I know that many people want to speak in this debate.

The permanent savings we have made reaffirm Britain's commitment to dealing with its debts. Who backs this commitment? The international organisations do. The OECD says that

"the ambitious fiscal consolidation has bolstered credibility and helped maintain low bond yields".

The head of the IMF, whom the shadow Chancellor was talking about, said when she came to the UK that

"strong fiscal consolidation is essential to restore debt sustainability",

and that the Government's "policy stance remains appropriate".

During Treasury questions, the shadow Chancellor was, I think, quoting *The New York Times*. What he did not quote was the *Financial Times*, where he actually worked. It said that

"the Government's plans for fiscal consolidation have allowed Britain to regain the confidence of investors at a time when all too many countries have forfeited it".

That is the kind of editorial he would have written when he was a leader writer there. *The Economist* says that the credibility the Government have achieved is "priceless".

The CBI has supported what we have done. The Institute of Directors said that we did the right thing. The Federation of Small Businesses, which the shadow Chancellor often quotes, and the British Chambers of Commerce have both welcomed the measures we announced for business.

Lisa Nandy (Wigan) (Lab): We have heard a lot about what the Chancellor thinks about the Labour party. How many of the 100,000 additional children now growing up in poverty under his watch also support his plans, and what is he planning to do about that?

Mr Osborne: On the same measure that the hon. Lady uses, child poverty rose by 200,000 in the last Parliament. *[Interruption.]* She says, "We took those children out." Child poverty in the last Parliament rose by 200,000 on the exact same measure that she is using. What we are doing is investing in nursery education provision for the poorest children, which never existed before, in a pupil premium, in free schools and in new school places—that is exactly what we are doing to tackle the causes of poverty as well as the symptoms.

Nadhim Zahawi (Stratford-on-Avon) (Con): On the question of whom the nation blames, why does the Chancellor think that a recent ICM poll showed that people thought that the debt inherited from the Labour Government was the biggest single cause of the current slow-down?

Mr Osborne: The reason they think that is because it is true. This, again, is the absolutely hopeless position that Labour under the shadow Chancellor have put themselves in, but frankly, that is for them to work out. If I may declare an interest, we very much want him to stay in his post for the next three and a half years: he is the best recruiting sergeant we have.

The Governor of the Bank of England—appointed by the right hon. Gentleman, no doubt, when he was the chief economic adviser—said this last week:

"This is exactly the right macro-economic response to the position in which we find ourselves".

And who is left opposing this credible action, this macro-economic response? The Labour party, which is now advancing this new theory that Britain's low interest rates in this debt crisis are a sign of policy failure, not policy success. That was the argument we heard last week. The shadow Chancellor talked in his response to my statement of

"the illiterate fantasy that low long-term interest rates in Britain are a sign of enhanced credibility"—[*Official Report*, 29 November 2011; Vol. 536, c. 812.]

I pointed out that, on that basis, Italy's rates of 7% were a policy triumph and Greece's 30% rates were an economic miracle.

In the intervening week, I looked for evidence to support the argument that the shadow Chancellor has been advancing. I have not found it, but I did come across the very interesting "Ken Dixon lecture" to the department of economics at the university of York. It was given in 2004 by the chief economic adviser to the Treasury—Mr Edward Balls. He told a no doubt gripped audience of students about the importance of lower debt, of running surpluses in good times, of keeping deficits under control. He then cited the market interest rates that Britain was paying on its debt, versus neighbouring countries', as the fruits of economic success. He boasted that the UK was borrowing money more cheaply than Germany and he hailed low interest rates as

"the simplest measure of monetary and fiscal policy credibility".

Does he still believe that?

Ed Balls: Of course, but could the Chancellor explain why in a liquidity trap things would not operate in that way?

Mr Osborne: In the situation we face at the moment, where countries around the world, particularly those in the western world, face a challenge from the markets about their credibility, the countries with credibility have been able to keep their interest rates down and those without credibility have seen their interest rates rise. The right hon. Gentleman said that low "long-term interest rates" are

"the simplest measure of monetary and fiscal policy credibility".

I want to know whether he still believes that to be the case—yes or no?

Ed Balls: This is the second time that the Chancellor has not understood the question today and has therefore not been able to answer it. Of course it is the case that in a normal operating economy that is how things are, but in a liquidity trap it is different, and that is where we are. That is why when American debt was downgraded in August, America's long-term interest rates fell; they did not rise. Let me quote to him what the chief economist at Capital Economics said this August:

"Signs that the UK's economic recovery has ground to a standstill have led markets to revise down their interest rate expectations".

The National Institute of Economic and Social Research has said:

"The reason people are marking down gilt yields is because"—

they think that the UK—

"economy is weak".

In a liquidity trap, long-term interest rates are a sign of the growth potential of the economy. It really worries me that the Chancellor does not understand the economics of this.

Mr Osborne: The right hon. Gentleman quoted the chief economist or head of the NIESR, but did not happen to declare to the House the interest that this person used to work for the shadow Chancellor. I do not agree with his analysis.

Ed Balls: Explain the economics.

Mr Osborne: I will explain the economics very simply: if people do not think you can pay your debts in the world, they charge you a lot more interest on those debts.

I have actually bothered to read the right hon. Gentleman's article in *The Times* today, in which he says that Labour would take

"tough decisions on tax and public spending."

Will he get up and give us, either now in an intervention or in his speech, just half a dozen examples of the tough decisions he is prepared to take?

[Mr George Osborne]

This is the shadow Chancellor who has opposed the increase in the VAT that the previous Government were planning, who opposed the increase in North sea oil taxation and who opposed the increase in capital gains tax—Labour Members do not know that, but he did actually oppose that. He opposes capping housing benefit, which was actually in the Labour manifesto; the reform of employment and support allowance; the changes to tax credits; and reforming legal aid. The Labour party has campaigned against every single change to the Ministry of Defence budget. There is not one single budget in the entirety of Whitehall that the Labour party has proposed cutting.

That is from the shadow Chancellor who says that he would take "tough decisions" on tax and spending. His position is, "We would not take them now. We would take them in the medium term." That is his argument, if I understand it correctly. In the past seven days, he has opposed our measures to restrain public sector pay after the pay freeze comes to an end; opposed the path for public spending that we have set out for 2015-16 and 2016-17, which is in the medium term; opposed the raising of the state pension age, which is what is being done in Australia, Germany and America—the country he keeps citing. No wonder his economic policy has absolutely no credibility whatsoever. And, of course, he opposes the Government's active enterprise policy—lower and simpler corporate tax rates; the new enterprise zones; the housing market changes that will revive the right to buy; planning reforms; and the changes to employment law.

Let me discuss just one measure that was announced seven days ago: the seed enterprise investment scheme. A group of entrepreneurs, including those who used to support the Labour party, wrote to the paper and said that the scheme will

"help the next generation of British innovations to become the next generation of great British businesses."

This country faces some of the most serious challenges in its modern history. We are picking up the pieces of the biggest boom which became the biggest bust, and now we face a sovereign debt crisis in the eurozone. Unlike the shadow Chancellor, we are not the quack doctor promising a miracle cure. The action we have taken will help to take Britain through this storm and lay the foundations of a far more sustainable and balanced prosperity in the future, and I commend the autumn statement to the House.

4.54 pm

Ed Balls (Morley and Outwood) (Lab/Co-op): A year ago this week, the Chancellor of the Exchequer told the American news channel CNBC:

"We've already begun the reductions in public expenditure, and it has not had the impact on demand, not had the impact on economic growth that the critics said it would. So there are plenty of people who said what we were doing was wrong, but at the moment they're being confounded by the figures."

Twelve months later, on growth, on jobs and on borrowing, it is the Chancellor who is completely confounded by the figures. Let me remind him of what he boasted a year ago on 29 November in a Conservative party press release:

"Now the independent OBR have confirmed that the British recovery is on track, our public finances are on the mend, our debt is under control, employment is growing and our economy is rebalancing."

Twelve months to the day, what did the independent Office for Budget Responsibility report? A recovery on track? No. Growth is flatlining—downgraded this year, next year, the year after, the year after and the year after that. Is employment growing? No. Employment is falling, and unemployment is now expected to be 500,000 higher than the previous forecast. Are public finances on the mend? No. Borrowing is disastrously off track: £158 billion more than the Chancellor told the House exactly a year ago.

The boasts of the Prime Minister and the Chancellor that they would eliminate the current structural budget deficit within five years are in complete tatters—in complete disarray. In his March Budget, the Chancellor claimed:

"We have put fuel into the tank of the British economy."—[*Official Report*, 23 March 2011; Vol. 525, c. 965.]

It must have been the wrong kind of fuel.

It is not as though the Chancellor was not warned. In his Bloomberg speech in August 2010, he claimed:

"There are some political opponents who claim that in setting out our decisive plans to deal with the deficit we have taken a gamble with Britain's economy. In fact, the reverse is true."

The Chancellor has taken an enormous gamble with the economy, with jobs and with people's lives. The reality is that his gamble has completely backfired. Let me quote from an editorial in *The New York Times* at the weekend:

"A year and a half ago, Prime Minister David Cameron of Britain came to office promising to slash deficits and energise economic growth through radical fiscal austerity. It failed dismally."

Before the election, we said that, like every country, after the global financial crisis we had to get the deficit down and we needed a tough plan. We needed spending cuts and tax rises. The question was not if we did it but how we did it. That is why the Opposition warned the Chancellor that he was reckless, that he was ripping out the foundations of the house, leaving our economy not safe but deeply exposed, and that is exactly what has happened over the last year.

Even judging by the one objective the Chancellor set himself for getting the deficit down, he is failing. In that CNBC interview a year ago, the Chancellor said:

"We have taken a series of steps, increased some taxes, consumption taxes, had some cuts in public expenditure, which have put us on a path to eliminate the deficit in a period of four years."

Not only is the Chancellor now emphatically not going to eliminate the deficit in four years, but according to the OBR, he is set to borrow £37 billion more than under the plan he inherited from Labour at the last general election—a plan he called "deeply irresponsible."

The Business Secretary told *The Guardian* in May that it was realistic for the coalition to eradicate the structural deficit by the end of this Parliament:

"Our credibility hinges on it."

He was right, which is why the Government's credibility is now badly undermined. The Chancellor should have listened to the warning from the Business Secretary before the election. This is what the Business Secretary said when he was a Liberal Democrat MP outside the coalition—the old kind of Liberal Democrat:

"We must not cut Government spending too soon and risk plunging a fragile recovery back into recession. Cuts without economic growth will not deal with the deficit."

The Business Secretary was right before the election. It was only after the election, when he took his Cabinet seat, that he changed his mind.

Unemployment is up. Borrowing is up. Going further and faster has proved to be utterly counter-productive and self-defeating. All this pain for no gain. Eighteen months in, plan A has failed, and it has failed decisively.

Nadhim Zahawi: In *The Times* today the shadow Chancellor wrote:

"Credibility is based on trust and trust is based on honesty, so we must be clear with the British people that under Labour there will have to be cuts."

In the spirit of honesty, will he tell the House what he would cut?

Ed Balls: Of course I will. When I was the Education Secretary we said that there would be over £1 billion of cuts in the schools budget at that time. We said, for example, that we would cut the police budget by 12%, but not by 20% with the loss of 16,000 police officers throughout the country. We would have raised national insurance. We raised the top rate of tax, but we would not have raised VAT to 20%, precisely because it would have choked off the recovery, as it has done this year.

I can tell the hon. Gentleman and his colleagues, the friends of the Chancellor, that I was reading a profile of the Chancellor a week ago, a few days before the autumn statement, in which one ally said:

"'The autumn statement will correct the idea that we are off course'".

Whatever were they on? One only needs to read the rest of the article to understand what is really going on. It goes on to say that the Chancellor

"has started taking discreet steps towards the Tory leadership. . . Members of the 2010 intake of MPs . . . are invited to discreet drinks at No. 11. The favourites"—

I do not know whether the hon. Member for Stratford-on-Avon (Nadhim Zahawi) is one of the favourites; perhaps he could tell us in another intervention—

"The favourites are invited to bibulous soirees at Dorneywood."

If you ask me, it sounds as if they have been drinking rather too much.

Let me give the House another quote from one of those allies, because it was so revealing:

"Nobody in the Osborne circle is vulgar enough to talk openly enough about his leadership ambitions. . . 'George has no agenda. I have never heard any talk of a timetable,'"

said an ally,

"'But the unspoken assumption is that the party would be a lot safer in George's hands than with bonking Boris.'"

Mrs Anne Main (St Albans) (Con) *rose—*

Ed Balls: Whatever drinks are served at these parties in Downing street? Maybe we can find out from the back row.

Mrs Main: May I say to the shadow Chancellor, with all due respect, that the public deserve better than this? Tittle-tattle may be a joke to him, but the public want to know what his policies are, because they have faith in our policies. Is it still the policy of the shadow Chancellor and his party to make sure that we join the euro, given the huge financial consequences, which he is no longer discussing?

Ed Balls: Obviously the hon. Lady was not invited to the drinks parties. Perhaps she should apologise to the 5,400 families in her constituency who will lose from the cuts in child tax credits. If she wants to talk about deserving better, let me give another example from one of the Osborne allies:

"They were a bit sniffy about George. The Bullingdon is basically for Etonians. But they let him in even though he went to St Paul's, though they did insist on him reverting to his original name of Gideon."

The hon. Lady tells us that the country needs better than that. As for the euro, I will happily give way again if she can give the Labour Government credit for keeping the country out of the single currency in 2003.

Mrs Main: I am absolutely amazed that joining the euro is still in the right hon. Gentleman's party manifesto, and that he can still plead that he kept us out of it. I am absolutely amazed that he has the brass neck to say that he is the saviour of this country from the euro—and I am sure that he will now stand up and tell us all that he no longer sees joining the euro at any point as worth while.

Ed Balls: I think that the bibulous parties might be starting in the morning, Mr Deputy Speaker. The euro is not succeeding as a single currency, which is why we were right not to join in 2003. There is no possibility of a British Government joining the euro at any time in my lifetime.

Charlie Elphicke (Dover) (Con): Given that the shadow Chancellor seems to be making up policy on the hoof in this debate, is it any surprise that one shadow Cabinet colleague has said that his policy is hurting but not working, and that he has no credibility?

Ed Balls: If we want to know about hurting, we should think about the 9,100 families in Dover hurting because of the cuts in tax credits. That is what hurting is all about. What do we hear from the Chancellor—an apology, or an admission that he got it wrong?

Charlie Elphicke *rose—*

Ed Balls: The more publicity I can give the hon. Gentleman, the better.

Charlie Elphicke: The shadow Chancellor talks about my constituency, but let me talk about his. How does he account for the rise in the claimant count in his constituency of 1,056, or 141%, in the last Parliament? Was that an economic success?

Ed Balls: If the hon. Gentleman is quoting the figures for this year, they might be the result of the Chancellor's policies. Let me return to concerns about Dover and Deal. While campaigning for a new hospital in Dover, the hon. Gentleman said:

"I am very, very concerned that Dover has not had and does not get its fair share of health care. I have taken this up with ministers and hammered home just how angry people are".

Perhaps he should also hammer home with his Front Bench the failure of cuts in tax credits.

In last week's statement, in today's debate and in every interview the Chancellor has given, we hear him give excuse after excuse and blame anyone except himself. Earlier in the year he blamed the snow, the earthquake,

[Ed Balls]

the royal wedding and higher oil prices. America was badly affected by the snow, and every country was affected by the Japanese earthquake and higher commodity and oil prices, so why did Britain have slower growth than any other country in the G7 except Japan? Why do we have higher inflation than any other country except Estonia? It was the Chancellor's decision to raise VAT in January that pushed up fuel and petrol prices, hit confidence and reduced real living standards for families. He then blamed the euro crisis, but the fact is that our economic recovery was choked off a year ago, well before the recent crisis.

The Office for Budget Responsibility has downgraded its growth forecast for Britain in 2011, but it has upgraded its growth forecast for the euro area. Only Greece, Portugal, Denmark, Cyprus and Slovenia have grown more slowly than Britain over the past year. As the OBR figures show, the fact is that it is the lack of domestic demand that has slowed down our economy. It is only net trade, the contribution of exports, that has kept us out of recession over the past year. If the eurozone countries fail to sort out their problems, that will of course have an impact, which is why it is important that they are sorted out. Far from the eurozone dragging us down this year, it is actually the euro that has been buoying us up.

Mr Tobias Ellwood (Bournemouth East) (Con): The right hon. Gentleman speaks of asking for, or demanding, an apology, but an apology is required from Labour Members. To give credit where it is due, however, I remember that when he was Secretary of State for Education he looked for savings in that area. But he did not do so right across the board. Page 15 of the OBR report shows that in 2008 borrowing went up to £68 billion, that in 2009 £152 billion was required, and that in 2010 another £145 billion was required: spending, spending, spending. It was not until this Government came in that such spending was halted.

Ed Balls: The hon. Gentleman makes an important point: there was a major financial crisis that hit Britain and all countries throughout the world. The Chancellor always wants to blame Labour, as he does the snow, the earthquake and the euro area.

Richard Fuller (Bedford) (Con): Will the right hon. Gentleman give way?

Ed Balls: In a second. I will answer the previous intervention before I turn to the next one.

The financial crisis hit every major country in the world, and bank regulation was not tough enough here in Britain or in countries throughout the world—[Hon. Members: "Ah!"] There is no doubt about that. The Chancellor of the Exchequer, who was then the shadow Chancellor, spent his whole time urging us to deregulate, complaining about "burdensome, complex" regulations—but there we are.

By spring 2010 the economy was growing, inflation was low and unemployment was coming down. More people were in work and paying taxes then, so borrowing came in £20 billion lower than had been forecast in the pre-Budget report of 2009. How things have changed in 18 months! Then borrowing came in lower than was planned; now it is coming in at £158 billion more than was planned. The country is tired of the Chancellor's excuses, and it is time he admitted that his failing plan is hurting but not working. His reckless gamble has not made things better; it has made things worse.

Richard Fuller: As the shadow Chancellor's soon-to-be replacement, the hon. Member for Leeds West (Rachel Reeves), rustles through her papers to find a data point to throw back at me, may I ask him whether he has had the opportunity to look at McKinsey's debt and deleveraging report, which identifies that on his watch and under his Government we became the most indebted major economy in the world? Does he not bear some responsibility for the enormous pain that families are going through in order to remedy some of his excesses?

Ed Balls: In the hon. Gentleman's constituency 10,800 families are actually losing out as a result of the change in tax credits. We look forward to seeing that in his press release.

The fact is that we went into the global financial crisis with a lower level of national debt than France, Germany, America and Japan—

Richard Fuller *rose—*

Ed Balls: If the hon. Gentleman calms down and lets me answer his point he will be able to intervene again. I shall be happy to take another intervention.

The fact is that when we went into the financial crisis our level of national debt was lower than that in America, France, Germany and Japan—and lower than that which we inherited from the Conservatives in 1997. I will give the House one good reason why: in 1999, when we raised £20 billion from the auction of the 3G mobile spectrum and they urged us to spend the money, we used the entire amount to repay the national debt.

Richard Fuller: The shadow Chancellor makes potentially a fair point about Government debt, but the Government are responsible not just for Government debt but for the total indebtedness of the nation, and he fails to understand that under the previous Government the total indebtedness of this country grew to become the largest of any major economy in the world. That is his legacy, and that is why 10,000 people in my constituency will be hearing why his policies led to the pain that they feel today.

Ed Balls: Over 1 million more homeowners than in 1997, and over 1 million more new businesses—with overdrafts and borrowing facilities—compared with 1997! The hon. Gentleman should be careful about giving the impression that borrowing in an economy is a bad thing for consumers, households and businesses. Many businesses want to borrow at the moment; it is just that the banks will not lend.

What did we get last week from the Chancellor? We got a cobbled-together package of growth measures which he knows, and the OBR forecast confirms, does not address the fundamental problem that his rapid and deflationary plan has choked off the recovery and pushed up borrowing. It is a so-called plan for growth that, according to the Treasury's own figures, hits women harder than men, pushes up child poverty and delivers lower growth and higher unemployment.

Matthew Hancock (West Suffolk) (Con): Youth unemployment in my constituency is falling because of a work experience programme that has now been rolled out across the country. I say that to preclude the shadow Chancellor's rebuttal. He has just argued in response to my hon. Friend the Member for Bedford (Richard Fuller) that private sector debt is a good thing. Will he have the balls to say that explicitly?

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. I am not quite sure we are going to allow "balls". I am sure you can think of a better word, Mr Hancock.

Matthew Hancock: I withdraw it. Will the shadow Chancellor have the weight to state explicitly what he has just argued, which is that private sector debt is a good thing?

Ed Balls: The numbers for the hon. Gentleman's constituency show that 8,600 families in his constituency are losing out from the cut in tax credits. *[Interruption.]* He is normally quite excitable, but he is really getting rattled this afternoon.

What are the facts? "We are all in this together," yet women are being hit twice as hard as men; there has been a 100,000 rise in child poverty, according to the Treasury's own figures; there is a four times bigger hit for families and children than for the banks, which have seen their taxes cut this year compared with last year; not 400,000 but 710,000 public sector jobs are set to go; there is £158 billion more in borrowing than was planned a year ago—£6,500 more in borrowing for every household in this country—and there is the cost of rising unemployment. That is the cost of the failure of the Chancellor's plan. As for the Deputy Prime Minister's contribution, we have a cobbled-together replacement for the future jobs fund that is judged by the OBR to have no impact at all on employment and zero impact on jobs. I have to say to the Chancellor and to the Chief Secretary that protecting our economy, businesses, jobs and family finances is more important than trying to protect a failing plan and their failing reputations.

Christopher Pincher (Tamworth) (Con): For the benefit of the shadow Chief Secretary, my constituency is Tamworth. *[Laughter.]* I see that she has found it.

It takes some brass neck for the man who was so responsible for wrapping this country's economy around a lamp post to stand there now and try to teach this Government how to drive. If he wants to be credible, and if he wants to be trusted about the cuts that he says need to take place, can he explain why he has abandoned the Darling plan and wants to spend £326 billion extra over the next five years?

Ed Balls: Abandon the Darling plan? It is the Chancellor who is borrowing £37 billion more than under the Darling plan. That is because of what is happening to jobs, growth and the living standards of families in our country, with 9,500 families in Tamworth hit by the cut in child tax credit announced last week. I will not read the next figure out; I will spare the hon. Gentleman's blushes.

As we heard in Treasury questions earlier, the IMF was right: growth is necessary for fiscal credibility. The IMF urged the Chancellor to change course if growth undershot current expectations. The Chancellor did not even know the figures at Treasury questions this afternoon, but in October the IMF advised him to change course and to delay the planned consolidation if growth undershot. At that time the IMF was forecasting 1.1% growth this year; it has come in at 0.9%. For next year it was forecasting 1.6% growth; it is now forecast to be 0.7%. If that is not growth clearly undershooting expectations, I do not know what is.

In May the OECD called for the Government to slow the pace of consolidation if the economy undershot. The Chancellor likes to quote the OECD in support of his policies, so let me tell him what its chief economist said only last week. He told the Chancellor to

"contemplate easing up on spending cuts"

if events turned out to be

"a lot bleaker than even the bleak outlook that we have."

That is not exactly a ringing endorsement of the Chancellor's plans.

Mr George Osborne: The right hon. Gentleman has just quoted the OECD's chief economist. The same person said on 28 November that "plan A is working". The OECD also said:

"The ambitious fiscal consolidation has bolstered credibility and helped maintain low bond yields, leaving room for automatic stabilisers to work fully".

The person the shadow Chancellor is quoting in the House of Commons in defence of his policy has said that "plan A is working". Will he now correct the record?

Ed Balls: Only this Chancellor, out of his depth and out of touch, could come to this House and claim that the forecasts he set out last week showed that plan A was working. How can it be working when we have record levels of unemployment? How can it be working when growth has flatlined? How can it be working when he is borrowing £158 billion more than he planned a year ago?

I have seen the transcript of the Sky interview that the Chancellor is quoting, and I understand the diplomacy of the OECD. However, the chief economist said that the Chancellor should

"contemplate easing up on spending cuts"

if events turned out to be

"a lot bleaker than even the bleak outlook that we have."

How much bleaker do they have to get? How much bleaker for families? How much bleaker for jobs and young people? How much bleaker for borrowing?

We were told a year ago that the Chancellor would not change course because his plan was working. Now, even though it is clearly not working, the Government still will not change course. The Prime Minister says that we cannot borrow our way out of a crisis, but that is exactly what the Chancellor has been forced to do. He is borrowing billions more to pay for the high unemployment, stagnant growth and rising benefits bill that his plan has delivered. The Chancellor made the wrong choice a year ago. He is now making a second catastrophic choice in sticking to a failing plan, when what Britain needs is a plan that will work.

Any British Government would be borrowing at the moment. There is no doubt about that.

Mr David Anderson (Blaydon) (Lab): The shadow Chancellor makes the point that the Government are trying to borrow their way out of a crisis. I suggest that we are actually borrowing our way into a bigger crisis. *[Laughter.]*

Ed Balls: Government Members may laugh at an 80% rise in youth unemployment, but that is not a laughing matter for the young people concerned, or for our economy. *[Interruption.]* I am going to make this point because it is very important. It goes to the heart of the argument.

Nadhim Zahawi: Will the hon. Gentleman give way?

Ed Balls: In a second. Any Government would be borrowing at the moment. The question is whether it is better to borrow billions more to keep people out of work on benefits, or to act to get people back into work and paying tax, which would get the deficit down. If we let a year of stagnating growth and rising youth unemployment become a lost decade of stagnant growth and high youth unemployment, we will pay a long-term price. It makes much more sense to act now, as the International Monetary Fund has recommended, with temporary tax cuts and investment in jobs and growth. That is the best way to reduce the bills of failure for the long term. It is the only way to get our deficit down sustainably in the long term.

Several hon. Members *rose—*

Ed Balls: I will give way in a second. There is a choice. We can either take action now and then have long-term fiscal discipline on the deficit, spending and our fiscal rules to make our economy stronger and to get borrowing down, or we can have what we have now and what is forecast for next year and the year after: stagnating growth, rising borrowing, including £158 billion more borrowing to pay for rising unemployment, and long-term youth unemployment, which will weaken our economy and make it harder to get the deficit down.

Several hon. Members *rose—*

Ed Balls: Not for the first time, the Chancellor's whipping operation is clearly in place. As I said last time, he knows all about a good whipping. I give way to the hon. Member for Stratford-on-Avon.

Nadhim Zahawi: The shadow Chancellor is obviously passionate about the subject of youth unemployment, so will he admit to the House that in the last Parliament, youth unemployment in his own constituency went up by 151%?

Ed Balls: Before the crisis, youth unemployment was lower than what we inherited in 1997. It then went up during the recession, but was falling a year and a half ago. It is now rising again. Unemployment was falling in our economy, but now there has been an 80% rise in long-term youth unemployment.

Several hon. Members *rose—*

Ed Balls: I will take interventions from Members who have not already intervened twice.

Matthew Hancock *rose—*

Ed Balls: Oh, I can't resist.

Matthew Hancock: I am very grateful. The right hon. Gentleman keeps making his argument about borrowing, but is it not completely undone by the fact that according to the OBR forecasts, borrowing has fallen and is set to fall over the next five years, and then debt will fall once it is under control? Can he answer the question that neither the shadow Chief Secretary nor other shadow Treasury Ministers can answer? How can spending more money possibly lead to lower borrowing?

Ed Balls: The economics of this are clear and easy to understand, which is why both the IMF and the OECD have made exactly the point that I am making. The fact is that the Government are borrowing £158 billion more than they planned, and the deficit is coming down much more slowly than was planned, because unemployment is going to be so much higher.

The issue is the pace at which we try to get the deficit down. If we try to get it down too fast, as the Chancellor did a year ago, it blows up in our faces. Growth and taxes slow down, unemployment goes up, and we end up borrowing £158 billion more. The right thing to do is to have a staged and balanced approach, get the economy moving, get people into jobs and get the deficit down. That is the only plan that will work.

Let me make an offer to the Chancellor. It is not too late to change course, and the deepening euro crisis makes it more important for him to see sense. If he does, we will back him—a new start, a second attempt. We read in *The Daily Telegraph* today about the Chancellor's recent efforts to land a plane at Manchester airport—on a flight simulator, I should add, to reassure Members. There was too rapid a descent and a crash landing on the runway, narrowly missing ploughing into the terminal building. Too far, too fast—no surprises there. However, the Chancellor had a second go. With a little help from the experts and a steadier hand on the controls, things worked better the second time round. Perhaps there is a lesson for him in that story.

Perhaps the Chancellor should take my prescription after all. He claimed last week that a balanced plan to get our economy moving and to get the deficit down was like

> "the promises of a quack doctor selling a miracle cure."—[*Official Report*, 29 November 2011; Vol. 536, c. 810.]

Was not the Nobel prize-winning economist Paul Krugman closer to the truth when he described Britain's experiment in austerity as being

> "like a medieval doctor bleeding his patient, observing that the patient is getting sicker, not better, and deciding that this calls for even more bleeding"?

The patient is crying out for a second opinion, and all we hear from the Chancellor is a call for more cuts and more leeches.

Bob Stewart (Beckenham) (Con): Will the right hon. Gentleman give way?

Ed Balls: I will not, because I have gone on too long and there are other important speeches to be made today.

I was thinking about what other doctors the Chancellor resembled, and I concluded that he resembled Voltaire's giant. I will take an intervention from anybody on the Government Front Bench who knows who Voltaire's giant doctor was—Voltaire's great doctor, Dr Pangloss. It does not matter what the evidence says, it simply strengthens Dr Pangloss's opinion that his philosophy must be right. Britain's rock-bottom gilts? A sign of success, not a damning verdict from the markets on the prospects for growth. Rising unemployment? Not a bad thing, just creating more space for the private sector-led recovery when it finally arrives. The worse things get in the rest of the world the better for Britain, because we are the only safe haven of prosperity.

In the Chancellor's Panglossian world, everything is working out just fine, but in the real world, with the world economy darkening, and with the UK now forecast to endure stagnant growth and rising unemployment this year, next year and the year after, this Panglossian Chancellor is making a catastrophic error of judgment, refusing to learn the lessons of history, refusing even to understand the lessons of economics, and refusing to shift to a more balanced plan. He got it wrong 18 months ago; he is getting it so badly wrong today. He is out of his depth and out of touch. Is it not time he changed course before it is too late?

Several hon. Members *rose—*

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. I just remind Members that there is a six-minute limit on speeches.

5.30 pm

Mr Andrew Tyrie (Chichester) (Con): I will not try so much of the party political stuff that we have just heard, but I will make a short point about the central fiscal judgment, a point about the forecasts and, if I have time, a point about the supply side.

First—we did not hear much of this in the previous speeches—I want to emphasise the backdrop against which the autumn statement was made. It was undoubtedly the most difficult backdrop since 1981, with a huge inherited budget deficit, a dysfunctional banking sector and an economy in which far too much is taken and spent by the public sector, as a result of which the private sector is having trouble leading the recovery. All parties were agreed on that before the election and all had plans to reduce public spending as a proportion of GDP. On top of that, we have a severe eurozone crisis, which is our most important market.

I will not be popular on either side of the House for saying this: despite the clash of cymbals we have just heard, fiscal policy would not be so different whoever was in power. There would be a little less deficit cutting and probably a bit more tax and spend under Labour, but the market discipline in the world at the moment is severe and biting, and the markets would demand roughly the same strategy, which it would get from any rational Government. That is an important basic point to have in mind.

My second point concerns the forecast. The Treasury Committee had the OBR before it earlier today. It has radically adjusted its estimate of the output gap—that was discussed a bit in earlier exchanges, although it was difficult to spot—and its estimate of productivity growth compared with its spring forecast. That radical adjustment in eight months has in turn obliged the Chancellor to adjust policy for the later years of the forecast period, as he pointed out, in order to meet the fiscal mandate.

A good number of my Committee colleagues—from both sides of the House—were a little sceptical of the OBR's decision. Frankly, when we look at the OBR documentation, we do not find a great deal of evidence to support it. There is some evidence, and the Committee might well return to the issue when it reports on the autumn statement.

This morning's Treasury Committee sitting brought home to me and to other colleagues a couple of important points, the first of which is that the OBR forecast is an independent one—nobody can claim that it has been cooked up by politicians—which in itself can add confidence to markets. Secondly, the difficulties that the OBR has had in supporting specific points on which the Committee challenged it this morning flags up the perils of all economic forecasting. The one thing we can say with some degree of certainty is that this forecast, like all others, will almost certainly turn out to be wrong.

I do not have very much time. I shall end with a few words about supply side reform. The financial crisis exposed the structural weaknesses in the public finances and the structural deficit now appears to be much bigger than was originally thought. But the financial crisis also exposed structural weaknesses in the real economy. As businesses struggle to recover, the full scale of the web of complicated taxation, excessive regulation and much else is being exposed to view, and that is getting in the way of businesses doing better.

The coalition Government assembled a fully worked up agenda for action to deal with the deficit, but until this autumn statement, we did not have a fully worked up strategy for improving long-run economic performance —the supply side of the economy. I was critical of the Government's earlier proposals that were published a year ago. They reflected the fact that they were dealing with an inheritance from the previous Government and also with policies that had been thought up and planned at a time of economic abundance before the crash. The obvious truth is that supply side reform is extremely difficult to accomplish. Raising the long-run growth rate is a very big and long-term job. The Thatcher Administration did not even start to implement their major reforms in that area until their second term.

This autumn statement has taken a huge step forward in the right direction. It sets out a more consistent and coherent agenda to support enterprise. It recognises the crippling burden that is being imposed on energy-intensive industries by climate change regulation and by the need to improve transport and to do something about the planning system. There is a good deal else. The phrase "supply side" has also been rehabilitated.

However, we must bear in mind the fact that so far this is largely just an agenda; it now needs to be implemented. It also needs to be complemented by reforms to bring greater simplicity and certainty to the tax system, which is in a huge mess, thanks largely to the previous Government and that is what I hope the Budget, in only 17 weeks' time, will be all about.

5.36 pm

Stephen Timms (East Ham) (Lab): The number of young people out of work has topped 1 million for the first time. If nothing else, that must be a wake-up call for urgent action on the economy. Last June, the Prime Minister told the House that cutting the deficit faster would revive private sector confidence. That was the rationale for the strategy that was set out to us. There would be pain but it would be worth it. Private sector investment and jobs would surge. The increase in confidence would mean that growth in the number of private sector jobs would more than match public sector job cuts. We were told that employment would rise every year. In fact, in the past year, employment has fallen by more than 100,000. One thing we can say for sure, with no fear of contradiction, is that that key assumption about confidence underpinning the Government's entire strategy was mistaken.

The Institute of Chartered Accountants' latest business confidence monitor is headlined "UK business confidence has collapsed". That is its assessment of confidence. The latest of its regular surveys states:

"Confidence has declined across all sectors and all regions."

There will be different views across the Chamber about the reasons that the Prime Minister's hope has proved ill-founded. The Chancellor took the view and his party seems to take the view that all the problems before the election were the fault of the UK Government and that all the problems since the election have been the fault of someone else. Whatever view we take of the reasons that the Prime Minister's expectation was ill-founded, the fact that it was ill-founded is, after the autumn statement, not in dispute.

The Prime Minister told us that unemployment would not be too much of a problem because private sector job creation would exceed public sector job cuts. In fact, public sector job cuts are exceeding new private sector jobs on a ratio of about 2:1. The Office for Budget Responsibility has told us that more than 700,000 public sector jobs will be lost. The cuts are going too far and too fast. Young people and women are bearing the brunt. Moreover, the plan is not delivering, as far as we can see, the central goal of swiftly eliminating the deficit. That is now clear. Borrowing will be higher than it was under the previous Government's plans.

When a plan goes so badly wrong and when the expectations underpinning it are shown to have been so mistaken, surely it is time to revisit the plan. Surely, when things have turned out so different from what the Government told us would happen, the case for a fundamental rethink is extremely strong.

Jessica Morden (Newport East) (Lab): Last week, Tata steel in my constituency mothballed a hot strip mill because of low demand for steel, which means that in the past month 185 job losses have been announced at Llanwern. Is that not further evidence that the Government's economic plan is not working. We have heard nothing today that will do anything to save those much-needed steel jobs?

Stephen Timms: Unfortunately, nothing at all. This lack of confidence is one of the problems in the economy.

Another problem is that the Chancellor cannot change course because he has boxed himself in and cannot budge for fear of admitting that his judgment was wrong. That problem was well expressed by Martin Wolf, the chief economics commentator for the *Financial Times*—the Chancellor quoted the *Financial Times* in his support—who warned after the autumn statement last week of the danger of a lost decade. He wrote that the Chancellor

"is wrong to ignore his errors. He is trapped by his own rigid fiscal framework. He might indeed shatter confidence if he were more flexible. But that is partly his own fault."

It seems that we will all be trapped because the Chancellor cannot acknowledge that he got the fundamental judgment wrong at the start.

We need to build growth in the economy and to create jobs for young people. That is the rationale for the five-point plan for jobs and growth advanced by the Labour party. We should repeat the tax on bankers' bonuses to bring in another £2 billion and we should use that to fund 100,000 jobs for young people, getting them off the dole and building on the future jobs fund introduced before the election. I welcome the announcement of the young people's contract—a watered-down version of the future jobs fund—and I look forward to seeing the details but it simply underlines what a misjudgment it was to shut down the future jobs fund in the first place.

We should introduce another temporary cut in VAT to rebuild momentum in the economy—that is what the temporary cut did last time—and we should introduce further investment in infrastructure, including in schools and other areas. We should also cut the increase in university fees. At a time when youth unemployment is at such a catastrophic level, the last thing that we should be doing is forcing young people out of education—we should be encouraging them to stay in. Yet, I am hearing reports from colleges that significant numbers of young people have concluded that, with fees at the level announced by the coalition, they have no chance of ever making it to university and that therefore they should not even bother staying on to study, including for A-levels.

We should also listen to the Federation of Small Businesses and give small firms hiring new staff a break from national insurance to encourage them to do so. The Government should heed that call. We need a strategy for growth but as yet we have no sign of one. I am pleased that the Government have retained the previous Government's proposals for a patent box to improve the research-and-development environment. That was the right decision and it allowed the Prime Minister yesterday to make his welcome announcement about support for life sciences.

In closing, I want to draw attention to one seemingly minor measure announced by the previous Government. Its significance is much greater than the initial view suggested. I am referring to the tax break from computer games announced in the last Budget by my right hon. Friend the Member for Edinburgh South West (Mr Darling). We have some of the most creative computer design businesses and talent in the world and we should make better use of it.

5.44 pm

Julian Smith (Skipton and Ripon) (Con): I want to speak about small business—in particular micro-businesses, which are usually defined as those with fewer than 10 employees—and to thank the Government for their support for such businesses.

Since coming to power, the coalition has taken some significant steps on regulation. It has introduced the one-in, one-out policy—which Labour claimed to have introduced, but never implemented—and the red tape challenge, allowing the public and businesses to say which regulations they want scrapped. The Government have taken a number of specific steps for small and micro-businesses, and have begun to draw a clear distinction between the large multinational, the mid-size company, with a human resources department and a legal department, and the small owner-manager. The Government have created exemptions from all new UK regulations until 2013, delayed legislation on the right to request training for small businesses, extended the unfair dismissal period and introduced fees for employment tribunals. All are powerful measures, giving more confidence to small business to take on staff. The autumn statement also included an announcement on protected conversations, which, for the first time in decades, will allow a small business manager to have a chat with one of his employees without the fear of litigation. Further measures, on compromise agreements and other matters, are on their way.

I am delighted that business organisations have shown their support. I urge the Government to move swiftly with those proposals, because it is worth reflecting on who they are trying to help with those measures. Often we get a kick from the left whenever an attempt is made to reduce workers' rights, but when we talk about very small businesses or micro-businesses, we are talking about just an owner-manager—a farmer in the dales in my constituency, for instance—setting up a business and trying to take on one or two people to help run it. We are talking about people such as Chris and Rebecca Blunstone from Pateley Bridge, who set up Helping Hands earlier this year while at the same time doing two jobs each. They also have two kids, so they were working flat out. It is people such as the Blunstones whom the Government are trying to support, because small firms and start-ups created two thirds of new jobs nationally between 1998 and 2010. They are the backbone of employment across the country, in all our constituencies, and we desperately need them to succeed and take on more people.

I understand that parts of the Government want to go further with reforms for micro-businesses, particularly in employment law. I believe that those forces are right. We need to make a strong case for rolling back the dead hand of the state on the smallest businesses in our country and make the argument that, despite the risk of having exceptions in the labour market, there are huge benefits for the economy. We cannot look at each measure through the prism of an individual impact assessment; rather, it is the cumulative impact of all the reforms that we need to move forward with. That will mean making some radical decisions on policies that our party is promoting in the areas of flexible working and the right to request training, because for very small businesses such rights legislation is a real burden and a hassle. Ultimately, the owner-manager will make the right decision—to train their staff or give them time off—and certainly does not need an edict from London.

Bob Stewart: In my constituency the complaint from small businesses is that they want to make a profit, not spend their time doing accounts or filling in regulation forms. We have to minimise that and, if possible, try to take it right out of the whole business—if it is small enough—because one in 10 still seems to be concerned with regulations.

Julian Smith: My hon. Friend makes a valid point. This is a controversial area, because although the Government are making great strides in shared parental leave, for example—reforms that I support—we need to look at how Whitehall is managing the relationship with micro-businesses on issues such as maternity and parental leave.

There are some exciting initiatives that did not make it into the autumn statement, but which I urge the Government to support and small businesses to show their interest in. They include, for instance, no-fault dismissal. Deciding when to finish an employment relationship as an owner-manager running a small business is really difficult. The idea of a compensated no-fault dismissal—the equivalent of a no-fault divorce in the business world—is worth looking at.

I urge the Government to have the courage of their convictions on policies like that. I would encourage micro-businesses everywhere to follow the Government on their call for evidence, as we need to make the case that expectations about workers' rights in small firms must be different. We need the small business owner to be confident in taking on more staff. The doers and grafters need to know that this Government are getting fully off their backs.

5.50 pm

Mr Alistair Darling (Edinburgh South West) (Lab): I hope that the hon. Member for Skipton and Ripon (Julian Smith) will forgive me for not following him, given the short time I have available.

The real problem we face in this country, in Europe and, to a large extent, in America too, is the lack of growth. The Chancellor opened his remarks by saying that the previous Government had been too optimistic about some of their forecasts. He gave—how shall I put it?—a somewhat incomplete précis of my book. In that connection, I refer the House to my entry in the Register of Members' Financial Interests. Surely the Chancellor would accept that forecasting is extremely difficult at a time like this. Perhaps when he goes back to No. 11 at night, he will reflect on the fact that he was wildly optimistic about both growth and borrowing. I do not imagine for one minute that he expected to be standing up a week ago to announce that he was borrowing £158 billion more than he thought he would be borrowing in the summer of last year. The reason for that, substantially, is that we have less growth, with fewer people paying tax, more people dependent on benefits and, as the Office for Budget Responsibility set out, incomes being squeezed.

All that was perfectly foreseeable. Many people—Labour Members and many others—said that this would happen. The problem was not just the rate at which public

[Mr Alistair Darling]

expenditure was being cut, but the fact that the mood music that the Government deliberately set out to orchestrate last year was that everything was full of gloom and doom, so it is not surprising that businesses did not invest and that individuals decided to hold back on their expenditure. That is precisely what is happening in this country and in Europe, to which I shall return shortly. All this was foreseeable.

Mr Tom Clarke (Coatbridge, Chryston and Bellshill) (Lab): Following on from my right hon. Friend's point about cuts, is he particularly worried about the construction industry, not least because so many small businesses are dependent on it?

Mr Darling: I am, and I shall come on to that in a minute, but I want to make a further point. If the OBR comes out with another downward revision of its figures at the time of the Budget next March, does it mean that we are going to embark on yet another round of reducing expenditure? Is this not the same sort of argument that we had in the 1930s? The prevailing orthodoxy did not work then, and it will not work now. My guess is that this argument is going to dominate politics and economics over the next few months—not just here, as I said, but in Europe.

My right hon. Friend mentioned the construction industry. I welcome some of the measures the Chancellor announced on infrastructure, but with this big caveat. First, if he looks at some of them, particularly the road announcements, he will see that they have been announced by successive Governments over many years. He will no doubt have been told by the Treasury that the problem with these big plans is the huge lag between the time they are announced and the time we see them. I remember opening the M6 expressway and a reporter said, "This must be a great triumph for the Labour Government." I said, "Indeed, it was. Harold Wilson would have been absolutely delighted to see it built." That illustrates the point.

Although this is not a transport debate, I am glad that the Government are looking at the issue of aviation, but they cannot escape from the consequences of the decision not to proceed with the expansion at Heathrow. I know this is no longer my party's policy, but I believe that issue needs to be looked at again for the future prosperity of the country. The High Speed 2 line is no substitute for it.

The Chancellor has, of course, had to change course. He was very much against quantitative easing. When I introduced it, he said it was the last act of a desperate Government, but it now turns out that it is a jolly good thing and we can expect to get even more of it. I suspect we will need more as the economy slows down. As I said, he has also had to introduce the infrastructure projects to try to help—although not enough, in my view. I think he will have to do more, particularly about jobs for young people facing unemployment, which is going to be a real economic problem as well as a real social problem. Many of us here remember the lost generation in the 1980s. Many of those individuals never got over the experience of having no job when they left school, college or university. The Government are going to have to come back to this, no matter what the Chancellor says, because the outlook is such that the Government are going to have to at some stage accept that at a time like this only the Government can take the action necessary to stimulate the economy and restore confidence. That brings me to Europe.

Mr Pat McFadden (Wolverhampton South East) (Lab): My right hon. Friend talks about the effect of the Office for Budget Responsibility and the forward outlook. How does he view its projections for returning to the trend rate of growth in two or three years' time, given the drastic revision that has taken place between the forecast in March and the forecast last week?

Mr Darling: As it happens, there is a passage in my book about the trend rate of growth. I believe that economists find it terribly difficult to work out what the right trend rate of growth is. On the point raised in the Select Committee this morning, I am surprised that the OBR has said that the productive capacity of the economy has been so reduced, partly because of lack of productivity. Part of the OBR's problem is that it fails to recognise that businesses have retained labour through this recession in the hope that they will need it when recovery comes. One worry is that if businesses think there will not be a recovery, the people they have held on to will then lose their jobs. No doubt the Select Committee will look into that.

Let me touch on what is happening in Europe. I appreciate that it is a risky business because what is happening today might not be what is happening tomorrow or the day after that. The Chancellor touched on it and I hoped he would say rather more about what is being proposed—if, indeed, he knows.

As far as I can see, the agreement reached between President Sarkozy and Chancellor Merkel on Monday seems to be a re-creation of the stability and growth pact—and we know which were the first two countries that actually broke it. I have a feeling that they are trying to reach a sufficient political agreement to give Mario Draghi of the European Central Bank sufficient cover to do what we all know the ECB has to do in terms of intervening in the market. It does not go any further than that. Mario Draghi made a good speech last week, in which he said, "Look, we're ready to intervene, but you lot have got to show willing." Interestingly, that is exactly the same position that Jean-Claude Trichet took in the ECB at the last ECOFIN meeting I attended in May 2010, to which the Chancellor is fond of referring, when it was necessary for Ministers in the European Union and the eurozone to decide on sufficient action to allow the ECB to intervene.

I am glad that the ECB is going to intervene, but the agreement reached on Monday does not go far enough because it does not address the fundamental questions and fundamental problems of having a single currency without something approaching fiscal or economic union. That was not addressed and neither was the Greek problem, which will not go away because that fix will not work. The rescue fund is still a virtual one and, of course, there is the whole question of the recapitalisation of European banks, which remains for next summer.

Matthew Hancock: Will the right hon. Gentleman give way?

Mr Darling: I would love to, but if think that if I do it counts against me, so I shall carry on speaking for a minute and 22 seconds, if I may.

I know we will be represented in the Council at the end of this week. This is a debate that we cannot afford to stay out of. No one is advocating that we should join the euro, and it is simply not going to happen in anything like the foreseeable future, but what happens to the eurozone, who is in it, the implications of a breakdown whether it be orderly or disorderly—all that matters very much. I hope that the British Government will make it clear to our European partners that we really are partners and in that spirit try to bring about a resolution. As far as I can see, the present arrangements struck between the French and the Germans seem to be yet another fix. They will buy time, but they will not sort out the fundamental problems. Until those fundamental problems are sorted out, we will still have that dark cloud of uncertainty in Europe, which would be bad for Europe, bad for this country and therefore bad for growth and for jobs. For that reason, we have a real interest in helping to bring about a resolution to that problem if we possibly can.

5.58 pm

Stephen Williams (Bristol West) (LD): It is a great pleasure to follow the former Chancellor. We can contrast his thoughtful and authoritative approach with what we heard earlier from the shadow Chancellor, who has just left the Chamber. We are asked to believe that he cries during the "Antiques Roadshow", but anyone watching our debate would have cried with despair at the pantomime act we were treated to earlier. Before one of the shadow Chancellor's assistants gets up to tell me how many people in Bristol West receive child tax credits, let me tell the Labour Front-Bench team that people in Bristol West are far too smart to fall for the illusion that an increase of 5.2% in tax credits somehow amounts to a cut.

The state of the public finances has been mentioned several times. Before the coalition Government came to office, the deficit as a proportion of gross domestic product was 11.2%. In our first year of government, it was cut to 9.3%. According to the independent forecast from the Office for Budget Responsibility, the deficit will be 4.5% at the end of this Parliament. We will have effectively halved it over the lifetime of the present Government. The Darling plan, if I may refer to it thus, has been mentioned several times during the debate. I seem to recall that its aim was to do just that—to halve the deficit over the lifetime of this Parliament—so let us not hear too much for the foreseeable future from Opposition Members about cutting too fast and too deep.

The coalition is bringing the deficit under control, which enables us to benefit from international confidence that we can borrow cheaply and service the accumulated debt that already exists in an affordable way. In 2010 our credit rating was similar to those of Italy and Spain, and the fact that it is now so much stronger is due to the decisive action taken by the coalition Government. That improved rating is important not just to the Government's Debt Management Office—although the billions of pounds that no longer need to be spent on servicing debt interest are now available to fund our priorities, whether they be pensions, education or the health service—but to all our constituents and the businesses that employ them. Historic low interest rates are a monetary stimulus, underpinning domestic confidence and increasing spending and investment.

One of the coalition Government's key objectives is to make work pay in order to expand employment, and one of the key objectives that the Liberal Democrats have brought to the coalition Government is a progressive increase in the income tax threshold to £10,000 by the end of the current Parliament. That will make work pay for the low-paid in particular, and especially for women with part-time jobs, and it is fundamental to our commitment to fairness during the lifetime of this Government.

Last week, during a debate similar to this, I referred to the recommendations of the High Pay Commission. I was pleased when the Deputy Prime Minister said at the weekend that he hoped that the coalition Government would be able to implement many of those recommendations. We should also tackle tax avoidance in order to make it clear that, as well as rewarding the work done by those with low incomes, the Government are tackling high pay at the top of the income streams in the companies for which they may work.

Economic growth needs to be stimulated. I note that several Members with constituencies in the south-west are present. I am sure that none of us misses the South West regional development agency, but I have no doubt that all of us, especially those representing constituencies in greater Bristol—including the Minister of State, Department for Work and Pensions, my hon. Friend the Member for Thornbury and Yate (Steve Webb), who is in the Chamber—will welcome the establishment of a local enterprise partnership covering the greater Bristol area, as well as an enterprise zone in my constituency to create new jobs in new media businesses.

Bristol will benefit from the regional growth fund, from Going Places funds, from the housing market stimulus, and from a new technology innovation centre. A couple of weeks ago, my right hon. Friend the Secretary of State for Business, Innovation and Skills opened the National Composites Centre, near the constituency of my hon. Friend the Minister of State, and we are also to have a university technology college. Those are examples of real actions being taken by the coalition Government to stimulate growth, particularly in new areas of the economy.

Jonathan Edwards (Carmarthen East and Dinefwr) (PC): How will regional pay in the public sector help areas of Britain that are lagging behind, such as the south-west and Wales? Surely it will only entrench regional wealth inequalities.

Stephen Williams: That is an interesting point. The Chancellor said in the autumn statement that a study would be carried out so that we could assess the evidence and decide what to do in the future. I do not think that we should form any firm conclusions at this point, but I would point out that regional pay differentials are the norm in the private sector.

Europe has been mentioned a few times today. It is worth our reminding ourselves that the European Union is the world's largest single market, that it is worth up to £12 trillion—the aggregate value of the EU member states—that it has 500 million consumers, and that

[Stephen Williams]

50% of British trade exists with our fellow EU members. At this point it is all the more important for the United Kingdom to play a full and constructive role as a member of the EU, and I know that the Under-Secretary of State for Business, Innovation and Skills, my hon. Friend the Member for Kingston and Surbiton (Mr Davey)—who is present—plays an active role in financial services, energy, digital media and green technology. We want the single market to work in the interests of our country. Now is the time for our country to engage positively in Europe rather than hoping for some loosening of our relationship with the EU, let alone the catastrophic developments that would result from withdrawal.

The coalition Government have ambitious plans. We have restored confidence in our public finances and brought them under control, we have achieved international credibility, and we will stimulate economic growth and make work pay. These are difficult times indeed, but sustainable growth and recovery are on the way.

6.5 pm

Mr Roger Godsiff (Birmingham, Hall Green) (Lab): Ordinary people in my constituency who face massive pressures on their household budgets and look forward to a bleak Christmas are not too concerned about the blame game that is taking place between the parties, but there is a smouldering resentment of the financial sector, including the banks and financial institutions that have plunged the economy into recession, destroyed jobs and ripped people's lives apart. That resentment is heightened by the fact that those self-same banks and financial institutions are once again acting as they did before they brought the crisis upon us. There are bonuses galore, and veiled threats that if regulations are introduced they will go elsewhere.

It is three years since the financial crisis struck, but it needs to be said again and again that that crisis was not caused by nurses and teachers. It was not caused by public sector workers, or by people working in the private sector. It was not caused by small business men, students or retired people, or indeed by the majority of people working in the financial sector. It was caused by the greed and irresponsibility of a small, self-serving group of people who made the decisions and played the casino, and now everyone else is paying the price.

Between 1992—when the United Kingdom was thankfully forced out of the exchange rate mechanism—and 2007, the British economy grew every year. It grew under the right hon. and learned Member for Rushcliffe (Mr Clarke) when he was Chancellor of the Exchequer, and it grew under subsequent Labour Chancellors. Public sector borrowing was consistently between 2% and 3% of GDP, which was perfectly sustainable. However, in 2008 it shot up to 11% because the financial crisis caused by those I referred to earlier had resulted in a full-blown recession and a collapse in tax revenues, and, furthermore, in the need for the Government to bail out the banking sector. I am sure that my right hon. Friend the Member for Edinburgh South West (Mr Darling), who spoke earlier, referred in his book to an interesting deputation that he received—when Treasury officials informed him that the only way of resolving the crisis was for him to nationalise the banks—and I understand why Mervyn King told the Treasury Committee that he was surprised that there was not more public anger.

However, we must look forward. Britain and the rest of the western world are witnessing the death throes of an ideology that has dominated for 30 years. The Anglo-Saxon neo-liberal market model has failed, and we must consider adopting different models if we are to have a financial services sector that is fit for purpose. We need to be more innovative: we need to try out new ideas rather than adhering to traditional recipes which we have already tried, which have been found wanting, and which have now been totally discredited.

Why, for example, should we not use RBS as a national investment bank—or call it what you will? After all, we own 87% of it. Why should it not be modelled on America's Small Business Administration, which has supplied 20 million small business men with financial help since its establishment after the second world war, or indeed on Germany's state development bank, which lent €30 billion to businesses in 2010 alone? Instead of printing money through co-called quantitative easing and giving it to the banks—which do not lend it, but hoard it to rebuild their capital base—why should we not give consumers money vouchers that are time-limited and must be spent on household goods or on, for instance, car scrappage schemes? We should try out some new ideas. The fastest way to stimulate the economy is from the bottom upwards, and no job creation scheme could have a more immediate effect than bringing our high streets alive. All Members know of high streets in their constituencies with boarded-up shops, and where the only new shops are Poundland stores and charity shops.

This is not revolutionary thinking. It has been tried before in America, Japan and China. People are looking for new ideas for the future, and they are prepared to accept radical and innovative policies. They do not want to be lectured by the Government or the Governor of the Bank of England, who can hardly be thought to have had foresight in seeing the recession coming given that he was arguing for increased interest rates right up until the end of 2008 in order to head off inflation, which he said was the biggest threat to the recovery.

We have paid homage to the Bank and financial institutions for too long. We must construct a better financial system that is fit for purpose, and we need to do that sooner rather than later.

Several hon. Members *rose*—

Mr Deputy Speaker (Mr Lindsay Hoyle): A few Members have risen, but I must remind colleagues that if any of them wish to catch my eye, it might help if they stand up. I call Mr Edward Leigh.

6.11 pm

Mr Edward Leigh (Gainsborough) (Con): The hon. Member for Birmingham, Hall Green (Mr Godsiff) suggests that RBS should be made into a national investment bank and that it would then be our saviour. I wonder whether he watched a programme on BBC2 yesterday, which relayed the entire history of how it cost the nation £20 billion. I am not sure it is an entirely good model, therefore.

First, I want to say a few words about what is happening in Europe this week. An express train is coming in our direction in the shape of the putative

agreement between the Chancellor of Germany and the President of France. The shadow Chancellor said we should learn the lessons of history. Well, I have been reading about the congress of Vienna, and it is extraordinary how history repeats itself. Our whole national policy in those days—and for 300 years—was to prevent an agglomeration of power on the continent. Indeed, Napoleon created the continental system precisely to exclude us from the continent. That is why we fought so many wars over the centuries.

We are now faced with a worrying situation. If the eurozone creates fiscal and monetary union, we will, of course, voluntarily exclude ourselves from that. However, although we may exclude ourselves from the euro, because of qualified majority voting the eurozone countries will have not just influence but enormous power over our financial institutions. We should be extremely worried about that. Over the next few days the Prime Minister must ensure that we have real protection from what will be going on.

There has been much comment about the EU financial transaction tax. We may be able to refuse to implement it, or be given an opt-out. I certainly hope that that is the case, because the City of London is the global derivatives trading centre. Astonishingly, it accounts for 45% of all global trades in interest-rate derivatives, and this tax could cost us £26 billion. Vague reassurances are not enough.

The ex-head of the Financial Services Authority has recently said that between 80% and 90% of our prudential rule book originates from Europe. In 2010-11, the FSA has listed 29 financial regulations that come from Europe. All this is coming in our direction because the eurozone countries can muster 230 votes, and we will have no way of stopping it. We should be prepared to say no or to demand a treaty reassurance, and if necessary put any proposal to the British people in a referendum.

Turning away from Europe, I want now to talk about our woeful economic situation. It is in the interests of both parties to claim that the deficit reduction programme is tough and is hurting. It is in the interests of the Government because it shows that they are being prudent and implementing austerity measures, and it is in the interests of the Labour party because it is arguing that we are deepening the recession. In fact, however, we are not doing nearly enough to address the problems we face. Some 38% of all our output goes to Government. That is a higher proportion than in the USA, Canada or Australia. Contrary to what we have heard, many EU countries have a lower tax burden than ours.

Mr Andrew Turner (Isle of Wight) (Con): My hon. Friend has alluded to the situation in Greece. Does he agree that much is borrowed but not accounted for?

Mr Leigh: That is absolutely right. We do not know what is going on in a lot of areas. Many EU countries, including Greece and Spain, tax their economies less than might be thought.

I apologise to Opposition Members for having to say this, but much of the blame lies with the previous Government. They increased Government spending by more than 55% in real terms and, contrary to all the political argument here today, we are cutting that by just 3%. The Government must decide whether they want to be liked or to deliver long-term prosperity and growth. As we have also heard today, we are still borrowing £141 billion every year. The cost of servicing that debt is £43 billion every year, more than we spend on defence. This is a staggering burden. I want to hear more of an intellectual case for smaller government. Big government leads to big waste. Sir Philip Green calculated in his study that £700 million could be saved on the Government telephone bill alone.

People are hit with a double whammy by all this Government spending. Like a black hole, it sucks in enterprise, and it inflates prices and taxes people of all their spare income so they have less to spend on their families and themselves. As a result, the economy deflates.

Governments say in such circumstances that more must be done and propose a fiscal stimulus, usually through public works, but those works are often driven by politics not the marketplace. A better way to deliver stimulus is to cut taxes.

Glyn Davies (Montgomeryshire) (Con): I have a lot of sympathy with the case my hon. Friend is making, but can he point to any international examples of countries or organisations that recommend going further and more quickly in terms of austerity measures?

Mr Leigh: I can point to successful economies in the world that have the taken the view that the way to get out of the problem of a flatlining economy is to release more money back into the economy through the stimulus of lower taxation. I have referred to one tax that raises little money but acts as a tremendous disincentive to enterprise: the 50% tax rate. I would abolish that, as it achieves very little apart from bearing down on enterprise.

We still have the longest tax code in the world; indeed, it is longer than the tax code in India. The Centre for Policy Studies estimates that the marginal tax rate on poor people is as much as 96%, while the marginal tax rate on higher earners is 57%. There is a greater imperative than ever before for Government to be the facilitator, not the central planner. They can, by all means, deliver some public works, but they must not be fantasy or vanity projects such as high-speed railway lines. Instead, they must be works such as the third runway at Heathrow, which the market is prepared to build for us because the market wants it. By all means, let us have public works, but they must make sense in terms of the marketplace, and let us also have tax cuts. I support the Liberal proposal to take the lower paid out of tax, because that also delivers incentives and cuts the marginal tax rate on the lower paid. I want us to have a much flatter overall tax system, too.

Despite all that we have tried to do, Great Britain ranks as the 72nd country in the world for Government wastefulness, which is lower than Tajikistan and Ethiopia. The House may not accept all my arguments, but I hope Members will accept that an intellectual case must at least be made for a smaller and leaner Government who tax people less and deliver more vitality and entrepreneurship back into the economy. That is the only way we will fight our way out of this recession.

6.19 pm

Gordon Banks (Ochil and South Perthshire) (Lab): I draw the House's attention to my declared interests.

The Government's economic plan is not working—if it were, we would not have heard much of what we were subject to in last week's autumn statement. The Chancellor has choked off recovery and in turn raised unemployment. I acknowledge that the eurozone crisis is having an impact on the economy now, but growth in our economy was choked off well over a year ago.

I want to spend a little time looking at economic growth and the role the construction industry can play. Labour has set out measures designed to create jobs and growth, and many of these would help the construction industry: 25,000 affordable homes, 100,000 jobs for young people and cutting VAT to 5% for home improvements. Having started my own business in 1986, I believe that without a vibrant small business sector, economic recovery is impossible, and without a vibrant construction industry, such recovery is equally impossible. The construction industry is of the private sector, but it needs both a vibrant private and public sector to survive. It is also a cash-consuming industry and as such needs the support of the UK finance industry. It is an industry that can create jobs fairly quickly and can train people in skills that will last them a lifetime. However, in recent years more than 300,000 construction sector jobs have been lost, 63,000 of those in the first three months of this year. Private sector job creation is not keeping up with job losses from the public sector. If it were to do that, the Government would need the construction industry to be significantly more active than it is.

The major banks will not lend enough to the industry. They have seen the sector weakened by Government decisions, and by their actions the banks add further to that decline. The benefits of a strong construction industry are, however, great and should mean one thing: more jobs for Britain, and more jobs for Britain means more tax revenue.

An obvious indicator of a country's economic well-being is its construction industry. Every business needs this sector in order to expand—whether it is through bigger offices, bigger factories, better high-tech communications, or better road and rail infrastructure. However, let me make this point about infrastructure to both Front-Bench teams: major projects are very important, but I would argue for lower-cost, more local investments throughout the country, as well, as they would have an impact throughout the UK in both their development and post-development stages. Only "shovel-ready" proposals will have an immediate impact on our flatlining economy.

Mr William Bain (Glasgow North East) (Lab): My hon. Friend will have noted that in Scotland recently, construction output has fallen by 2.3%. What contribution does he think the cut by John Swinney, the Scottish Government's Finance Minister—a reduction in capital spending that is two and a half times faster than this Chancellor's—has made to that slump?

Gordon Banks: The Scottish Minister's decision is responsible for the cuts that could also impact on investment and delivery in the construction industry. The flipside is that if we are prepared to invest in the construction industry, it will deliver; if we cut public spending, it will destroy the industry and with it the economy.

For businesses to grow, they need access to affordable funding. Historically, most small business funding has been generated from our banks, but the Institute for Family Business and the Federation of Small Businesses tell us that, due to the actions of the banks and small businesses' distrust of them, many such businesses are seeking funding from family members or not seeking it at all. To do the latter damages the business and the economy; to do the former may place limitations on the business, with the same impacts.

However, what is clear is that small and medium-sized enterprises are not at ease with the banking sector. The much-hailed Project Merlin has been a resounding failure. The British Bankers Association has declared that lending targets have been met; however, the FSB and the Federation of Master Builders have other ideas. I have been told of banks meeting their Merlin targets by re-signing existing, unexpired deals. But the truth is, we will never know how much of Merlin is re-signed and regurgitated arrangements. Indeed, this is smoke and mirrors that the Merlin of folklore would be proud of, but I suppose we should not be surprised: the clue is in the name.

I know of financing arrangements that have long been in place being removed with immediate effect, leaving a business in turmoil. Then, the bank returns to the business a few days later with the offer of a term loan that is new business for the bank to write—no doubt adding to the Merlin figures—at increased rates and with arrangement fees, all paid for by the business and with less capital provision for the lender, but leaving the business without any long-term funding in place.

Small businesses in the construction sector have been victimised on two fronts: for being small, and for being in the construction sector, which is deemed toxic by many lenders.

When considering finance, however, we should not forget first-time buyers and the crisis in mortgage lending. In 2007, there were 357,000 first-time buyers in the UK, and as a result the British high street was boosted by some £2.1 billion when these people kitted out their homes. However, today, young people, who are the majority of would-be first-time buyers, are unable to purchase their own home. Now, the average age of a first-time buyer without parental support is 38. With 25 or 30-year mortgages, these first-time buyers could still be paying off their mortgages as they approach their 70s. Surely, pensioners paying mortgages is not something we want to see in Britain in years to come.

In my business, where investment in vehicles can cost up to £130,000 each, and where forklifts and loading shovels cost tens of thousands of pounds, the real driver for investment is the footfall of customers and the profit margin. Both have taken a tumble in recent years, and nothing that I have seen this Government do or promise to do will result in more customers or a rise in profit margins.

Angela Smith: My hon. Friend is making a very strong case against the Government's economic policy. Does he agree with Will Hutton's comments in *The Observer* on Sunday? He said that the Chancellor

"is operating within a framework that permits no vision for how the British economy can be re-energised and reimagined."

Gordon Banks: I agree with that, and I would add to that the comments of my hon. Friend the Member for

Glasgow North East (Mr Bain) in his intervention a moment ago: there is a lack of vision in both Scotland and No. 11.

Falling business opportunities equals reducing margins and cuts to investment and employee numbers, which add further to the decline in the economy. Businesses in my constituency and in the construction sector want to know whether this Government see themselves as a driver for growth, or not.

It is all about priorities. As far as the SMEs in the construction sector are concerned, the comments on the report card, sadly, are not "could do better" but more like "shows no interest in the subject".

6.27 pm

Anne Marie Morris (Newton Abbot) (Con): The Office for Budget Responsibility has shown clearly that productivity is slowing, and our recovery therefore depends on getting productivity moving forward faster. I suggest that one of the key barriers is over-regulation, which I think is borne out by many of the surveys that the Federation of Small Businesses and the Forum of Private Business have carried out.

The sector of the economy that is perhaps most affected by over-regulation consists of the very smallest of our businesses: the micro-businesses. A micro-business, for the most part, suffers from the same level of regulation but has less resource, by virtue of its size, to deal with it.

So why should we worry about micro-businesses? Because research has indicated that 90% of new jobs after a recession come out of that sector, and because it is in our rural communities that many of those micro-businesses exist. They are critical to the economic viability of our rural communities. We should also be concerned about the existence of micro-businesses in deprived urban communities, where, again, they play a key role in terms of cohesion.

What is a micro-business? The EU defines it as an organisation with fewer than 10 employees, but in fact, 90% of our businesses have fewer than five employees. Therefore, they have very little managerial support and expertise.

The Government have done their level best to help small and medium-sized businesses, and specific provision has been made to help the micro-business. So why do micro-businesses feel unloved and, in the words of one, invisible? Perhaps I may make some suggestions to the Treasury on how we can rectify that and support the sector better. We have given a three-year moratorium on new regulation for our micro-businesses, but the challenge is that they are still subject to existing regulation, a lot of which comes from Europe, and if they have only two or three people in the business, that is a very heavy burden. We need a "keep it simple" system for micros.

On employment, the Government have helpfully provided a national insurance break for start-up businesses. We have also examined the tribunal system and considered a simplified system for smaller businesses, but we must remember that businesses with no employees comprise 70% of all our businesses—or about 3 million businesses altogether—and if we gave those very small businesses national insurance relief, we would go a long way towards solving our unemployment problem.

On finance, I am delighted that we have the new seed enterprise investment scheme, as it will make a big difference. The point I would make to the Treasury is that we need to examine who is going to use that type of support. It will be the fast-growth entrepreneur who is looking for external investment, but what about social enterprises and what about the plumber who is setting up, having just been made redundant? Some of the money that they will be seeking could be offered by their families, but they are excluded from the scheme.

David Rutley (Macclesfield) (Con): My hon. Friend is a passionate advocate for micro-businesses and I commend her for her extraordinary efforts. Does she agree that it is vital that our micro-businesses are better at articulating the problems they are facing, so that the Government can more effectively strip back the regulation that she and I both want removed?

Anne Marie Morris: I agree with my hon. Friend absolutely, and that brings me nicely to the challenge that we face in getting some of the main schemes to assist with finance. Project Merlin, the enterprise finance guarantee scheme and the regional growth fund have all been aimed at the smaller business. The problem is that in practice, because there is no carve-out and no requirement that any percentage of those schemes goes to our very smallest businesses, these businesses by and large get left out. That is because they are perceived to be invisible, too difficult or too small, or it is perceived that they cannot write a business case or are not after a big enough loan. I hope that when we examine the new credit easing arrangements, we might consider a carve-out specifically for micros.

Even some of our institutions that are supposed to be looking at our small businesses exclude them. I have spoken to officials in UK Trade & Investment, and it appears that a small business of fewer than five employees is, unfortunately, beyond its notice. I have talked to those in the National Apprenticeship Service, which now has a small business unit, and they say that a micro-business with fewer than five employees is, again, outside its remit.

May I suggest to the Treasury that the solution, is, first, that we should properly recognise this group for what they are? Let us define them properly as organisations with four or fewer employees, as is happening around the world, and let us devise a scheme specifically for this group. That is perfectly possible, as the French have come up with such a scheme for their smallest micro-businesses. It provides limited liability, a very simple form of establishing a business, simple accounting procedures and a very simple tax system, and it also provides for very simple sets of regulation, particularly in respect of employment. So something simple for our smallest micro-businesses is just what we need.

In the last minute available to me, I suggest also that, because much of the regulatory burden comes from Europe, there is a case to be made for considering an exclusion for micro-businesses from European regulation. I commend that to the Treasury and the Chancellor, if and when we come to treaty negotiations, as something that might be usefully traded.

6.33 pm

Phil Wilson (Sedgefield) (Lab): I would like to discuss the part of the autumn statement dealing with local public sector pay and the relationship with local labour

[Phil Wilson]

markets—in other words, regional pay. As a Member of Parliament for the north-east of England, I know that unemployment in the north-east is 11.6%—the highest in the country—the average wage is just over £19,000 a year, and the average house price is £144,000. A 25% deposit on a mortgage will cost £36,000, and to obtain a mortgage for the remaining 75% someone would need an income of £31,000 a year. A house in the rural north-east costs 8.1 times income, whereas in the urban areas of the north-east it averages 7.3 times income. Average incomes in the north-east are 12% below the national average and are the lowest in England. Given those facts, introducing a regional wage structure in the public sector is the wrong thing to do, because it is short-sighted and it belies the facts on regional pay disparities. If the Chancellor were really serious about pay, he would join me, and many of my colleagues in the north-east of England, in calling for a living wage, not a regional wage.

I do not believe that national pay bargaining in the public sector suppresses pay in the private sector. Although regional pay does exist in the way allowances are paid, for example, for people who work in London and the south-east, the main differential is not between regions, but between London and the south-east and the rest of the country. Pay disparity between the regions is about £2,000, according to Incomes Data Services, and there is very little difference in the cost of living between regions. The largest disparity is between the north-east and London, where the cost of living varies by 10%. The Office for National Statistics states that the cost of living in the remaining regions varies by between 1.5% and 2.8%, depending on the goods compared. However, the wages of commuters in the London commuter belt are higher than those of the people living and working in the commuter towns.

The ONS and IDS believe that the only distinct labour market in the UK is in London and the commuter belt area around the city. Is that not another reason for investing in transport infrastructure projects, which will shrink distances between London and the rest of the UK, rather than encouraging a rush to the bottom in pay rates between the public and private sectors, and between regions?

Mrs Jenny Chapman (Darlington) (Lab): My hon. Friend is making a superb point. I do not know whether he has served on the governing body of a school or on a board of a health trust, but I can tell him that recruiting good, able, ambitious and talented people in the public sector can be a real challenge in the north-east. As someone who lives there, I do not understand why that is, but it seems to be the case. We need to be able to attract those quality people, and enable them to move around the country and pursue their careers as they need to.

Phil Wilson: That is absolutely right. If a regional pay structure went ahead, in whatever variety it may take, it would just exacerbate that situation. The regions would become silos, and people would not be able to move around the country.

It is also a myth that there are major variations in the cost of living around the country. The reason why the variation is less explicit outside London is because major retailers have national pricing policies, and internet shopping is having a similar effect in ensuring that the cost of living is more convergent around the UK than it would otherwise seem to be. In addition, major private sector companies—BT, British Gas, Waterstone's, First Great Western and Santander, to name but a few—have national pay structures, although they have, for example, allowances for workers in London. When the previous Government examined this issue they came out against regional pay bargaining for the following reasons, which were quoted in a Treasury guidance note in 2003. It said:

> "At the extreme, local pay in theory could mean devolved pay...to local bodies. In practice, extremely devolved arrangements are not desirable. There are risks of workers being treated differently for no good reason. There could be dangers of leapfrogging and parts of the public sector competing against each other for the best staff."

That illustrates the point that has just been made by my hon. Friend the Member for Darlington (Mrs Chapman).

The wage disparities do not arise from an overactive public sector displacing private sector jobs; that cannot be so, given that 700,000 public sector jobs are to be lost in the coming years. I want to see a vibrant private sector, with skilled jobs that are well paid and full time, but to achieve that we need growth.

Angela Smith: Does my hon. Friend believe for a minute that the Government have thought through the complexities of moving to local pay scales, given that it will inevitably involve consultants in establishing exactly where on the new pay scales the public sector employees will belong?

Phil Wilson: My hon. Friend raises an important point. I do not think the Government have thought all these things through; I know they will be looking at them in more detail, but the process seems ideologically led.

One North East was a dynamo for private sector job creation in the north-east. To abolish it was the wrong decision. We need the expertise of the public sector to generate private sector jobs in the area. That is how Hitachi Rail was attracted to Newton Aycliffe in my constituency, creating hundreds of direct private sector jobs and thousands in the supply chain. Hitachi did not come to the north-east because of the public sector, but it did have the help of the public sector. I want more Hitachis coming to the north-east, bringing highly skilled jobs that will deliver good wages. That is how we shall redress wage disparities in the north-east; not by suppressing the wages of a section of the community but by raising the wages of all employees, through investment, training and skills. With that will come good wages, and I call on the Government to promote a living wage, not a regional wage, for the north-east and the rest of the UK.

There is no evidence that regional pay will rebalance the economy. Driving down wages will only exacerbate economic disparities, not resolve them. Driving down relative wage costs and taking money out of the economy is as bad for the private sector in areas such as the north-east as it is for the public sector. That is why I make a special plea, not for the public sector but for all employees in the north-east of England, whatever they do and wherever they work.

Public sector employees face a two-year pay freeze and then two years with only a 1% increase. It has been estimated that between 2010 and 2015 public sector workers will see their incomes decrease by 14%. Average

pay in the north-east is just over £19,000. How low do the Government want it to be? The policy is wrong, and I believe it is ideologically led. The answer is a living wage, not a regional wage.

6.41 pm

Glyn Davies (Montgomeryshire) (Con): I shall take a Welsh perspective, and to some extent a constituency perspective. Debt hangover, deficit reduction and the problems facing the eurozone have an impact in Wales, just as they do in the rest of Britain, but some issues are specific to Wales and I want to touch on them.

Much of the management of the Welsh economy is devolved, but not completely; for example, policies on tax rates and international investment are still determined at Westminster. That inevitably means that a close working relationship between the Governments in Cardiff Bay and at Westminster is crucial. Without one, there is the potential for damage. Enterprise zones are an important aspect of the Government's policy for dealing with the economic problems of England. I do not want to blame anyone, but in Wales they are still incredibly ill defined and the process is slow, so we need a much closer relationship between Ministers in the Assembly Government and Ministers at Westminster.

Mr Angus Brendan MacNeil (Na h-Eileanan an Iar) (SNP): The hon. Gentleman said that most economic control was devolved to Wales. Would he be as comfortable with a relationship between London and Europe as there is currently between Cardiff and London—with most powers held in Europe and London, despite the economy of Wales being devolved?

Glyn Davies: I thank the hon. Gentleman, although I am not absolutely certain that I picked up his point. Governments and institutions have to work as closely together as possible for the benefit of the people they all serve.

First, inward investment has historically been strong in Wales. Yesterday the Secretary of State for Business, Innovation and Skills told the Welsh Affairs Committee that Wales was doing relatively badly. I think Wales is doing very badly indeed; last year only 3% of inward investment in the UK went to Wales. In the two previous years the proportion was 6%, which is about what one would expect given the population of each country. In the days when Lord Walker was Secretary of State for Wales, it was 20% for two or three years in a row. There was a major focus on Welsh links to the most successful parts of Europe, such as Baden-Württemberg, Stuttgart, Barcelona and Lombardy. There was a strong relationship with Japan, which in those days was aggressively developing its economy throughout the world. A lot of investment was going to Wales, and we need that sort of advantage. When I became a Member of this House I had been a Member of the Welsh Assembly for eight years, and I want the relationship between the two institutions to work as well as possible. On inward investment the working relationship has not been as close as it should be, and we need to change that.

Secondly, I want to touch on cross-border issues, in particular their impact on my constituency of Montgomeryshire. Again, it is a question of making devolution work for the people. There is a real problem in terms of capital investment in Wales. A consequence of the autumn statement is that over the next three years another £216 million will go to Wales for capital projects, but projects on the border will not be considered, because the arrangements following devolution mean that they cannot be. For my constituency and for the whole of mid-Wales, industrial development depends on access to the west midlands market and the motorway network. One of the biggest impediments is the stretch of the border between Welshpool and Shrewsbury. A road project there has high priority for the Welsh Government and would almost certainly have gone ahead, but the total cost is around £30 million, with a significant proportion—about £5 million—over the border in England. Although it has huge priority in Wales it is given almost no priority at all on the English side. That project has been sitting around for ages and is not going ahead, yet it should really be a priority. I could give three or four similar examples.

Owen Smith (Pontypridd) (Lab): I entirely agree with the point that the hon. Gentleman is making, but would it not have been easier if the Government had chosen not to cut £900 million overall from the Welsh capital budget? Admittedly they gave back £200 million last week, but there is an overall reduction of £700 million in this Parliament.

Glyn Davies: I thank the hon. Gentleman, but he completely ignores my point and is going back to the partisan knockabout that produces absolutely nothing. There is an important point of principle relating to cross-border investment, and all Members of the House and of the National Assembly, not just the Government, should try to focus on the issue so that we have a resolution that benefits the people who actually depend on it.

Thirdly, I want to touch on the impact of proposals for wind farms in mid-Wales. Many of my constituents, and indeed people in neighbouring constituencies, fear that there is an intention, or a desire, to sacrifice mid-Wales on the altar of onshore wind, irrespective of the consequences for the economy. About two decades ago, when I was involved in developing the economy of mid-Wales, strategy was based on the growth of manufacturing industry—what today we might call rebalancing the economy—after the loss of jobs from agriculture and mining over a long period. Over the last 30 or 40 years the percentage of people employed in manufacturing rose from about 7% to about 24%; it was a terrific performance, but between the late-1980s and the mid-1990s there was less concentration on regional development and the figures probably slipped back.

Today the most important developing industry in Wales is probably tourism. People who work in the industry contact me regularly to tell me that onshore wind is the biggest threat to the potential of their business. We cannot ignore that. Planners in mid-Wales are aware of the threat. They are deeply concerned that wind farm applications are being submitted without the necessary information about ecological or environmental impacts. There is almost no transport planning for the 20 or so proposed wind farms, yet planners are under pressure to approve the applications. If they do, they will be sacrificing the economy of mid-Wales. Many of us in the House have concerns about the costs and their impact on the fuel bills of the most vulnerable in

[Glyn Davies]

society, and we are worried about the impact on British jobs, which will be exported as a result of those costs. From the perspective of my constituency, the economy of mid-Wales will be destroyed at the same time.

6.50 pm

Helen Goodman (Bishop Auckland) (Lab): I am pleased to follow the hon. Member for Montgomeryshire (Glyn Davies). I do not agree with what he said about wind farms, but he made a thoughtful and interesting speech, and I hope that when he listens to what I say about the north-east, he may feel that things in Wales are not quite so bad.

At the weekend I received an e-mail from a constituent which said:

"I wanted to apply for a crisis loan for my heating oil but when I rang up I was told this was not possible ... and I would have to apply for a budgeting loan which has a three-week wait ... My problem is I am unable to pay by direct debit ... I have been unable to save the money from my employment and support allowance as I have been trying to pay my other important bills . . . My dilemma is that my oil will not last much longer and as I suffer from diabetes and had a heart procedure in September my health will suffer as a result of no heating.

What can I do to sort this out?"

The e-mail is interesting not because of what it says about the benefits system, but because of what it reveals about the level of poverty being faced at present in some households, as well as the consequences of the failure to tackle the energy giants adequately.

There are two major themes that I want to pull out of what the Chancellor of the Exchequer announced in his autumn statement—the unfairness and the unintelligence of the proposals that he put to the House. In many cases they are unintelligent because they are unfair. Let us look first at who is bearing the burden of the measures that he announced. We can see from the analysis published by the Institute for Fiscal Studies that it is the poorest who are paying the most. The IFS analysis makes it clear that the measures that the Chancellor of the Exchequer announced will make the bottom 30% worse off and the top 60% better off.

Mr McFadden: My hon. Friend is right in what she says about the Institute for Fiscal Studies estimates. She will also know that the IFS says that by household types, it is families with children who are worst hit. What does she think the Government and the Chancellor have got against families with children?

Helen Goodman: I cannot imagine what the Chancellor has against families with children, but it is obviously a matter of extreme concern not just that the number of children who live in poverty will go up, but that to tackle the problem, the Government are going to redefine poverty. They will find that that is a massive mistake. If they go to an absolute measure, they will not look good against the Labour Government, who reduced the number of children in absolute poverty by 2 million.

Those on £14,500 will lose eight times the share of their income that those on £32,000 will lose. The poorest 10% will lose four times the share of their income that the richest 10% lose. In other words, it is a cynical way of focusing money on so-called marginal voters. The proposals are unfair. They are unintelligent to the point of stupidity, because the propensity to consume is highest among the poorest. Maintaining the incomes of people on low incomes will have the fastest and greatest impact on demand, so even with the same level of borrowing as they propose and the same fiscal stance, the Government could have a bigger bang for their buck. They could have a greater impact on demand and on the growth of the economy, simply by redistributing.

The second dimension on which the autumn statement is both unfair and unintelligent is the regional distribution. The Government are switching £4 billion from current to capital, of which only £4 million—that is, 0.1%—is earmarked for the north-east. That is 25 times less than the £100 million that was lost from my constituency alone when the Building Schools for the Future programme was cut. For example, improvements to the A1, the A19, the A66 and the Tyne tunnel are not going ahead.

The North East chamber of commerce has described this as "hugely disappointing". The extension of 100% capital allowances till 2017, the new enterprise zone in the port of Blyth and the increase in the regional growth fund are all minuscule in comparison with the impact of the abolition of the regional development agency.

Furthermore, the infrastructure plan is old-fashioned. Only £100 million of the new money is in the communications strategy and that is all concentrated in the cities, whereas the lack of access is in rural areas. Today the Federation of Small Businesses and the National Farmers Union came together to point out that hundreds of thousands of people will be left behind, so where it is most useful and most needed, it will be least available.

In announcing his weakening of the habitats directive, the Chancellor seemed to be scornful of green considerations. After the excuses of snow and royal weddings, it seems to be the butterflies that are the problem, or perhaps it was the seaweed that he was complaining about.

My hon. Friend the Member for Sedgefield (Phil Wilson) pointed out the detrimental impact of regional pay on our regional economy. Lower pay in the north-east is a symptom of our problems. Reducing the pay further will take yet more money out of the demand in the regional economy. To set this in context, my hon. Friend the Member for Easington (Grahame M. Morris) made an excellent speech in Westminster Hall, pointing out that the cuts in incapacity benefit are already taking £170 million out of the regional economy. What may look like a sneeze in the south can cause pneumonia in the north-east.

6.57 pm

Damian Collins (Folkestone and Hythe) (Con): Throughout the debate this afternoon we have been asked to consider that the debt situation that we are in is not as bad as it seems and that we can spend money that we do not have to try and get out of it. That argument lacks any credibility with the money markets.

Helen Goodman: That is not what I said.

Damian Collins: The hon. Member for Bishop Auckland (Helen Goodman) is speaking from a sedentary position. I shall come to her remarks, which are pertinent to my constituency, particularly her comments on the habitats regulations and how they impact on the local economy.

Opposition Members have put to one side the seriousness of the debt situation. The other issue that has not been spoken about at all—certainly not by the right hon. Member for Edinburgh South West (Mr Darling) or by the shadow Chancellor, the right hon. Member for Morley and Outwood (Ed Balls)—is the underlying competitiveness of the economy. When we look at the debt situation and the world economic crisis, which are grave and severe, we should also consider that our economy may not be as fit and competitive and as able to grow the sort of jobs that we will need in the future as we thought it was.

Statistics showing how this country has fallen behind in the competitiveness league tables published by the World Economic Forum are often brushed aside. From being seventh in 1997 when the Conservative party left office, we fell to [illegible]th last year and are 10th now. That means that in 1997 we had the most competitive economy in the European Union. We find ourselves today behind Sweden, Finland, Germany, the Netherlands and Denmark on competitiveness.

On the broader question of infrastructure, which is so important to the competitiveness of our economy, we find that Britain lies in 28th position, according to the latest figures, not rubbing shoulders with France, which is third, or Germany, which is 10th, but instead between Saudi Arabia and the Czech Republic.

Sheila Gilmore: I am fascinated by the comparisons that have been given. Virtually all of the first group of countries that the hon. Gentleman mentioned have a very large public sector and a very comprehensive welfare system. It would appear that they have a competitive economy as well. Perhaps we should be looking more to the Scandinavian model.

Damian Collins: The hon. Lady will be pleased to know that we are also behind Singapore, the United States and Japan, so there are more countries ahead of us than there used to be, and more than there should be. When we consider trying to create jobs in the economy, Opposition Members seem wilfully to ignore the fact that our competitiveness in an increasingly competitive world matters. To them, competitiveness is not worth talking about and is irrelevant to creating jobs. If we are serious about doing what President Clinton has called getting back in the future business—his criticism of the US economy can be applied to the UK economy over the past 10 to 15 years—we must recognise that we have not invested as we should have done to make our economy as competitive as it should be.

Tom Blenkinsop (Middlesbrough South and East Cleveland) (Lab): The common denominator in all the European countries to which my hon. Friend the Member for Edinburgh East (Sheila Gilmore) alluded is their manufacturing base, and Germany, Japan and China are of course also manufacturing surplus economies. Britain used to have such an economy, until 1979.

Damian Collins: I am not sure what the hon. Gentleman's critique is of the party that was in power for 13 years and delivered these statistics. The point I made at the beginning of my speech is that after 18 years of Conservative Government Britain's competitiveness in Europe was much higher than it is now. I do not know what sort of indictment he finds after 13 years of Labour Government, but it sounds pretty damning to me. The hon. Member for Bishop Auckland talked about the habitats regulations, which I will move on to because it is an important point. She was slightly dismissive, but I do not think that she meant to be.

Helen Goodman: No, you are dismissive.

Damian Collins: She was very dismissive of the significance of the review the Chancellor announced last week on whether the habitats regulations are being used to hamper growth and business development and whether they are being unfairly and unreasonably applied. A particularly pertinent case in my constituency is whether Dungeness nuclear power station in Kent should be allowed on the list of new nuclear power sites, and I have written to the Chancellor to ask him to give it special consideration in the review. There is a huge amount of local support and there are two nuclear power stations there already.

Land was set aside for the creation of a third power station in the 1960s, most of which was disturbed during the building of the first two. The land is within a special protected area next to a Ramsar site that gives special protection not to butterflies, but to vegetation that grows on the shingle banks and to birds. The bird sanctuary was created largely after the building of the existing power stations. The area of development for the new nuclear power station is less than 1% of the protected area, so it would be difficult to claim that building it would damage the integrity of the whole site or destroy the habitats totally. They remain within a large, protected and conserved area and will be protected.

Nevertheless, based on Natural England's interpretation of the habitats regulations, it was recommended to the Government that a third power station should not be built on the site, and that is the only reason why it cannot be built. It would create thousands of jobs during the construction phase and 500 permanent jobs for its operation. It would be an incredibly important investment, and that is an example of how the interpretation of some of these regulations is impeding growth and investment in our economy. The power station would be built not on a greenfield site in a protected area, but next door to two existing power stations and on land that was set aside for the purpose. I obviously feel strongly about this example because the new power station would help my constituency directly, but it would also be a new energy source in an area of high demand in the south-east of England, close to south-east London.

Another local example is Lydd airport. Extending or building new regional airports is a controversial issue. In my constituency the local council decided some time ago to approve a planning application to expand the airport. There had been a previous public inquiry on that in the 1990s, which had lapsed, so the process has to be gone through again. A private developer who is willing to invest money with the support of the local council, which approved the planning decision, is being put through a costly and lengthy process, wasting hundreds of thousands of pounds, with the prospect of possible judicial review at the end. That is also because of the way the habitats regulations have been interpreted, and during the course of the most recent planning inspector's

[Damian Collins]

inquiry many of the objections were set aside. It is frustrating that these rules and regulations are hampering investment and growth.

Angela Smith: I thought that the hon. Gentleman's party was going to form the greenest Government ever.

Damian Collins: The hon. Lady seems to think that there is something incompatible between sensible investment in growth that respects environmental regulations and having no jobs or investment at all. I think that that is possible in this area. The contention in my constituency and those of many hon. Members is that the rules are being applied in a way that restricts growth and investment, largely from private investors and operators, where it is really needed, and that is unacceptable.

The regional growth fund is a big help for constituencies, such as mine, where extra support is needed to attract investors to create new jobs. That is certainly something we welcome in east Kent. Another point about infrastructure investment, which I touched on at the beginning of my remarks, is the importance of the Government's commitment to invest in broadband and improve the extent of mobile phone networks and coverage. I was pleased to hear in the Chancellor's statement that, thanks to the extra £150 million that has been made available for new masts in rural areas, the coverage target for mobile operators is now 99%, rather than the 95% target in the last Parliament. That is good news for people in rural communities who are excluded from current coverage and something we should welcome. It is an important investment in our infrastructure for the future.

7.5 pm

Sammy Wilson (East Antrim) (DUP): First, I welcome a number of things set out in the autumn statement, such as the increased money for infrastructure that will come to Northern Ireland. It will not make up for the 40% cut in capital spending announced in the Budget, but it will fill some of the gaps. Secondly, I wish the Chancellor well in his battle with the Secretary of State for Energy and Climate Change, and perhaps the Prime Minister, as he takes on the green lobby and seeks to strike a balance in the economy and redress the damage that many green policies are doing to industry.

I will focus on some of the points that have been made on the need for growth. All the problems that have been identified as impeding growth in the UK economy overall are magnified in Northern Ireland. First, there is the heavy dependence on the public sector, which means that public sector spending cuts have a greater impact. Secondly, there is the difficulty businesses have in obtaining finance from banks in an economy that is heavily dependent upon failed Irish banks and where penetration by UK mainland banks is not great. Of course, the problems in the eurozone have been magnified because we live next door to, and are heavily dependent upon, an economy that has been greatly affected by what has happened in the eurozone and the austerity measures that the Irish Government have had to take. Indeed, many more such measures were announced yesterday in the Irish budget.

One of the things the Chancellor has focused on, and rightly so, is the importance of keeping interest rates low, and I do not think that any Member disagrees with that. It has an impact on businesses and mortgages and on those who have taken out loans, so it is correct that we should be following policies that keep interest rates low. However, I do not accept that they have been kept low in the UK only because of his plan A and his austerity measures. Looking at the reasons, one sees that of course economic management and confidence in it is important, but so too is the fact that the Bank of England has been buying up £220 billion-worth of Government bonds as a result of quantitative easing. That has injected confidence that other European countries that have been mentioned today would perhaps not have had because the European Central Bank has not done the same.

Secondly, we also have the flexibility to adjust our exchange rate and so have a way of stimulating some growth, whereas many European countries that are tied to the euro do not have that. Thirdly, even though the Government have admitted that their plan for getting rid of the deficit will not be fulfilled in the set period and that they will have to borrow more than expected, the financial markets have not deserted the UK. In fact, they have remained solid. I believe that one of the reasons for that is that we are not regarded in the way that some of the other European countries are, for the very reasons I have given. If anything, the Government ought to capitalise on that. If the markets are prepared to lend to pay for unemployment, would they not be even more willing to lend to pay for investment in infrastructure that could give growth which, in turn, could provide the ability to pay back the debt we already have? Rather than walking away from borrowing, and from borrowing—perhaps only modestly—to do the things that Members have mentioned today, the Government should capitalise on the reputation that their management and our flexibility outside the eurozone gives the Chancellor when it comes to borrowing money.

There are already signs that the Government know their plan is wrong: they are engaged in quantitative easing, which is a way of stimulating the economy by monetary means; and in the autumn statement they indicated that they were prepared to spend more money on infrastructure. They ought then to look at what they can do and at what borrowing they can undertake not to pay to leave people sitting at home, but to pay to get them into work, growing the economy and generating tax revenues.

The hon. Member for Gainsborough (Mr Leigh) said that he did not want to see the public sector increase, but such borrowing would not have to be for the public sector. Indeed, the hon. Member for Ochil and South Perthshire (Gordon Banks) mentioned VAT cuts for the building industry. That would not increase the size of the public sector; it would stimulate the private sector and grow the economy.

Mr Anderson: In reality, can the two sectors not work together? My hon. Friend the Member for Bishop Auckland (Helen Goodman) mentioned a classic example, Building Schools for the Future, for which we had money earmarked in our constituencies. In my constituency, there was £80 million, and it would have gone not to the public sector but to Gateshead council, which would have

passed it straight on to private sector builders to build the schools that we need. Is that not the way we should be working our way out of this crisis?

Sammy Wilson: That is exactly the point that I am trying to make. Borrowing does not necessarily have to mean a bigger, bloated public sector; it can be directed in many other ways that would meet the demands of even some Government Members. In Northern Ireland, tourism is a huge industry, and selective cuts in VAT could stimulate spending there and help the Finance Minister to realise the potential to increase tourist numbers by 3.5 million over the next two years, thereby generating private sector growth and helping us to rebalance the economy.

Things can be done and there is potential. The Government have more flexibility than they accept, and if we are to deal with the social strain, the economic hardship and the impact on businesses we need to see examples of that flexibility in order to get back on to a path to growth and back into a position where we can repay our debts.

7.12 pm

Nigel Mills (Amber Valley) (Con): It is a pleasure to follow the hon. Member for East Antrim (Sammy Wilson). Having recently joined the Northern Ireland Committee, I am becoming more familiar with the issues that he raises and, in particular, with Northern Ireland's attempts to show that one can compete on tax rates to grow one's economy. It has the right idea in wanting to match Ireland's lower corporation tax rate in order to grow the Northern Ireland economy, but I sense that it will not want to match Ireland's new higher VAT rate in an attempt to grow the economy over there. That is aiming for the best of both worlds.

I welcome the chance to contribute to this important debate on what is the central issue for my constituents. I am sure that every Member who has spoken to constituents and businesses cannot have failed to notice how difficult economic conditions have become, and that is why I welcome in particular the fact that the Chancellor, in his autumn statement last week, did not try to hide the full extent of the difficulty, but set out exactly how difficult things are now and will be for the next few years.

.The response was robust, and it should see us maintain the market's confidence, which is the key to our recovery. I am not aware of any serious commentator who suggests that we should change our plan, and borrow more and spend more than we plan to, when we are running a deficit of more than £120 billion this year already. The shadow Chancellor chose earlier to quote Voltaire, and I have found a second quotation for him:

"Common sense is not so common."

Some of his speech showed eminently that that is true.

I shall touch on the measures in the autumn statement that are relevant to my constituents and work through those issues that are raised most frequently. People—especially first-time buyers—complain that they cannot get mortgages or, if they can, that the deposit requirements are too high or the cost is too high, so last week we announced measures to make it easier for first-time buyers to get mortgages and thus get the building industry started again. I can think of some building sites where a couple of houses were started on the edge but the rest of the estate was mothballed for a few years, and getting those finished has to be a good thing.

Small businesses have for a long time complained that they cannot get funds out of the banks, and, although all our measures may have helped a little, they certainly have not solved the problem, so the loan guarantee scheme will I hope be a real step forward. Many businesses are struggling to decide whether investment is a great idea in the current climate, but as things start to improve the scheme will be in place and enable them to secure the finance that they need. In the meantime, every small business will welcome the extension of the business rate holiday for a few more months, but it keeps being extended, and at some stage it might be nice to extend it to a distant horizon so that we know where we are.

The worst impact of any economic downturn is on unemployment, and especially on youth unemployment, and the £1 billion of funding that we announced to tackle that will be hugely welcome. As I visit businesses throughout my constituency, I see that some are taking real steps, at their own cost, to employ local young people. I pay tribute especially to David Nieper in Alfreton, a fashion business that has started its own fashion academy, taking students from nearby universities and showing them the entire industry—from designing clothes all the way through to marketing them, selling them and producing brochures—in order to give them that whole-industry experience so that they really are job-ready.

Helen Goodman: I am pleased that the hon. Gentleman congratulates David Nieper, because my sister works in that factory.

Nigel Mills: Well, I am sure that she recognises how great an employer it is—and it is very kind of the hon. Lady to give me an extra minute!

Many other businesses in my constituency have expressed their concern about the impact of rising energy bills, especially given the Government's climate change policies, which increase those costs. In my constituency, I have another great business, Denby Pottery. I do not know whether the hon. Lady has family working there, too, but it has expressed a real concern that even the welcome help that we announced for energy-intensive industries last week will not assist the ceramics sector, so I urge the Government to keep working on those measures to protect such valuable and historic industries.

Another particularly welcome announcement for me was the announcement of expenditure on infrastructure and road building. New road construction in Amber Valley has been a little neglected, so I urge the Government to look favourably on the bid that I and Amber Valley borough council have championed for the new Ripley-Codnor bypass, which would link the A38 and M1. We are not asking for the full funding, because the council is busy arranging it through developers that can pay for up to half the bypass, but if the whole road were completed it would present a real chance for regeneration and a real chance to attract new business to the area, which is exactly what the Government's infrastructure funding is trying to do.

[Nigel Mills]

I am happy with what the Government have announced. In a difficult situation, they have announced some short-term measures to tackle the worst impacts of economic downturn. Now, we need to look at the long-term strategy and at the measures we need in place to make our economy as competitive as it can be in five or 10 years' time.

In the final minute of my speech, I shall turn to the reform that we need in our tax system. As my hon. Friend the Member for Chichester (Mr Tyrie), the Chairman of the Treasury Committee suggested, many tax regimes that affect our businesses are unduly complex and out of date, discouraging investment while encouraging strange and perverse behaviour, which is why we have to introduce a huge number of more complex anti-avoidance rules, such as those announced today.

Wholesale simplification would ensure that we had a system which encourages what we do want and make it easier to stop the avoidance behaviour that we rightly wish to tackle—and I think the Government are coming round to that. Last week, they announced that 100% capital allowances will be made available to enterprise zones, and, to all those businesses in my constituency which would like to invest in new machinery and need to do so to remain competitive, we should send the message that we want to provide tax incentives for people to invest in capital equipment at this time. If we need 100% capital allowances for enterprise zones, can we not find a way of being more generous with capital investment throughout the whole country, not just in those zones?

7.19 pm

Mr David Anderson (Blaydon) (Lab): Last week was the week when the bubble burst and the Conservatives had to accept what everybody else knew: that the Chancellor had got it wrong on growth, this year and next; on unemployment, up by half a million next year; on borrowing, going up to £158 billion; on children in poverty, again set to rise; and on hitting women the hardest. The House of Commons Library says that the effect of cuts to tax credits and attacking public sector pay will impact on 73% of the women involved. There is complete humiliation for the Chancellor and even more damage to our economy, but who carries the can for the failure of the system? The old, the young, the jobless, the disabled and the women of this country.

As always, when capitalism fails, it is the most vulnerable who suffer. We should look back to the 1930s. Only a few weeks ago, young people marched to London in a sad echo of the crusades of those who left Jarrow 75 years ago. Those brave souls in 1936 did not march to London for the exercise—they did it because they were starving, jobless, and desperate. Just like today, they were turned away empty-handed and made to carry the can for a mess they did not create.

We all know that history repeated itself in the 1980s, when the country was led in a series of recessions by a neo-liberal Government who saw the deindustrialisation of this nation as a price worth paying. They destroyed not only the coal mining and shipbuilding industries of this country but the manufacturing industry that those industries helped to create and that was making leading, cutting-edge technology for the coal-mining industry. Why did we do that? Because the market demanded that we did it. It said that British coal was too expensive and that we needed cheaper coal to deliver cheap power. The Government's response was, "That's okay. It's a price worth paying." They were not paying it and their constituents were not paying it; the people in my part of the world were paying it. The outcome was that hundreds and thousands of lives were decimated, local communities withered and died, and support industries died off.

The truth remains that it is the less well-off, the poor, the frail, the poorly educated who lose the most, while those in charge—the ones to blame—get off scot-free. What else can we say when we face a situation where a quarter of our children will be living in poverty, record numbers of people are out of work, and those lucky enough to retain a job face pay freezes, an unprecedented drop in living standards, and a real lack of security, while at the same time Barclays makes a £11.6 billion profit and pays only £113 million in corporation tax, and its poor chief executive is paid only a measly quarter of a million pound salary but, luckily for him, it is topped up with a bonus of £6.5 million?

Mr Bain: My hon. Friend is making a passionate argument, as ever. The Chancellor said earlier that the only people who were calling for an alternative were, in effect, communists. Does my hon. Friend share my sense of disgust at the Chancellor's slurring the democratically elected Government of Denmark, who are engaged in a stimulus programme and have seen their bond yields fall?

Mr Anderson: I am very clear that the Chancellor is trying to pretend that nobody else in the world wants what we want. The whole world is crying out for a change to a system that has let it down.

The people of this country—the nurses, the doctors, the care workers—are carrying the can for the failure of global capitalism. We now know that 98 of the top 100 FTSE-listed companies are avoiding £20 billion-plus of tax by putting their money into offshore tax havens.

Lorely Burt (Solihull) (LD): I am very sympathetic to what the hon. Gentleman is saying about high pay and tax evasion; we are trying to do all we can about that. As regards stimulating the economy, what would he say about the situation in America, where that stimulus has been tried and it is now £15 trillion in debt?

Mr Anderson: I will come to what the hon. Lady's party has had to say and pick up her point then.

It is little wonder that we are in a mess. We are told that even in the City of London—the heart of capitalism—job vacancies have fallen by 16% in a single month. In the past month alone, retail sales have dropped by 1.7% despite huge pre-Christmas discounts. The Engineering Employers Federation says that it expects a drop in its production from 2.2% to 0.9% next year. But do not worry—the Deputy Prime Minister, the leader of the hon. Lady's party, tells us that he is going to crack down on top corporate pay. Does that mean that he will do what he and his friends in the Conservative party are doing to public sector workers—to nurses, doctors, firefighters and policemen—by putting a two-year pay

freeze and a 1% cap on to private sector pay and the fat cats? Of course not. The Deputy Prime Minister tells us:

> "I don't mean the government starts going around setting pay rates in the private sector...I believe that people should be well paid if they succeed."

Can he tell me where the nurses, the doctors, the firefighters, the police, the home care workers, the child care workers, and millions of others are failing?

Jim McGovern (Dundee West) (Lab): As everyone is aware, the Prime Minister referred to last week's day of action as a "damp squib". I think that it was anything but a damp squib. Does my hon. Friend agree that if the coalition Government stay on the course they are on at the moment, there will be many more squibs and none of them will be damp?

Mr Anderson: I certainly hope that there is no need for any more squibs, damp or otherwise. It was absolutely wrong that people felt forced to go on strike last week, but they felt that they had no option because the Government were clearly not listening; I hope that they are now.

All in this together? What a laugh! Has Bob Diamond really become 5,000% more successful than his predecessor was 30 years ago? Of course not, but his salary is 5,000% more than his predecessor's was in the early 1980s. The people who are running our public services are asking, "Where is the fairness?" At a time when other people are wandering around with massive pay packets, they are losing their jobs by the bucketful. Last week, in a throwaway line, the Chancellor dropped in the horribly disrespectful term, "headcount", when he said that the headcount of job losses in the public sector would rise from 400,000 to 710,000. The headcount! These are men and women, flesh and blood—people with kids, with mortgages, with debt, and with holidays, cars and Christmas to pay for, and they face a future with no hope because this Government put the interests of the market before the interests of the people. It is economic madness driven by an ideology that does not care about the impact on real people.

Of course, the Conservatives will argue that this is all necessary. Perhaps we could accept that if it was actually working, but we see now that it is not. This year, in the north-east alone, 32,000 public sector jobs have gone, 1,080 of them at Gateshead council, with another £38 million cuts to come next year. We will have more people on the dole, poorer service delivery and more hardship all round. It is the classic Tory remedy, and we have seen it all before. Mervyn King may well be right—this might be the worst crisis in our history—but, sadly, the Tories are using exactly the same old methods to get out of it.

As my hon. Friend the Member for Birmingham, Hall Green (Mr Godsiff) said, we need a real dialogue that puts the needs of ordinary people first, and not the demands of the market. We need to move away from the appalling situation that we are in yet again, where bankers and people in the money markets are acting like the arsonist who burns your house down and then comes back next week and offers to rebuild it for you and charges you twice the price for doing it. This is a challenge to all parties in this country, including mine. We need to go beyond the narrowness of the past 30 years and look to develop an economic system that ignores the markets and does right for the people of this country.

7.28 pm

Eric Ollerenshaw (Lancaster and Fleetwood) (Con): It is great to follow such passion from the north-east, but I would say to the hon. Member for Blaydon (Mr Anderson) that the problem is that my electorate remember 13 years when they were promised that there would be an end to boom and bust, and they are still waiting for an answer from his party as to what went wrong.

I want to make a few observations about what is happening in my constituency and generally in the north-west, and perhaps to have the temerity to suggest something to the Treasury, but we will see how I get on with that. The key focus for my area is on growth and how we get through this crisis. My electorate accept that the deficit reduction programme is delivering low interest rates for businesses, mortgage holders and many others, and that is seen as a good thing. They also see what is happening in other countries across the world and recognise that this Government are delivering by keeping us out of the mess that there has been in Ireland and in Greece.

Many hon. Members constantly see the kinds of businesses that I see in the north-west that have the potential for growth and have the orders, but cannot manage to bridge the gap and buy the extra machine or the extra shed that they need to get things moving. That is why I, like my hon. Friend the Member for Amber Valley (Nigel Mills), am behind the Chancellor's support for infrastructure, the national loan guarantee scheme of £20 billion and the business finance partnership. I was pleased that earlier in Treasury questions, the Chancellor said that he hopes to get that up and running in January. That will be vital for small businesses.

Sammy Wilson: The hon. Gentleman has given a list of reasons why businesses are not investing. Does he also accept that one reason is that businesses lack confidence because they see an economic policy being pursued that will not release the kind of growth that is needed to sell the goods once they have made the investment?

Eric Ollerenshaw: I am grateful for the intervention. I was going to go on to say that some of these things are actually working.

One of the biggest employers in Lancaster, Northern Tissue Group, is halfway down the line of achieving extra support from the regional growth fund. That will lead to extra jobs. Oaktec, a small company that is developing innovative energy recovery from vehicles, has just got a grant from the Technology Strategy Board to take that innovation further. Those are small beginnings, but the innovation is there.

I want to suggest how we can develop that through the local enterprise partnerships and the new enterprise zones that hon. Members have talked about. One problem that my part of the north-west has had with all Governments is that every time they look at the north-west, they look at Greater Manchester or Merseyside. Although I welcome Lord Heseltine's intervention, or should I say re-intervention, in the north-south divide and his talk of city hubs, which we are all behind, my part of the

[Eric Ollerenshaw]

north-west also has businesses that have potential, as you will understand, Mr Deputy Speaker. With a bit of extra investment, which I hope is coming following the Chancellor's announcements in the autumn statement, those businesses could provide a good return. I have cited two small examples—Northern Tissue and Oaktec—but there are many other possibilities in the area.

My area also has two universities, Lancaster university and the university of Cumbria, and Lancaster university does a great deal in terms of innovation. My suggestion draws on two developments that we already have. The first is technology innovation centres, which are planned for Warwick, Strathclyde, Bristol, Rotherham and Sedgefield. In 13 years, the Labour Government delivered none of them. At least we are now getting five. Germany has 59 of them. Their mission is to bridge

"the gap between research findings and outputs, and their development into commercial propositions".

The second development is enterprise zones, the mission of which is

"to support genuinely additional growth and create new businesses and new jobs".

The original concept envisaged only one zone per local enterprise partnership. Perhaps that idea was developed by some Treasury mandarin who had to calculate the hypothetical loss in taxes due to the hypothetical creation of the new businesses and jobs. As they will be new, I am yet to understand how they can calculate that. Obviously, I am just a simpleton when it comes to the Treasury.

In a nutshell, my suggestion is that we should allow all universities to bid to designate mini-enterprise zones on their campuses. Perhaps not all universities would take that up, but it might fulfil the other Government objective of ensuring that there are more direct outcomes for the economy from universities. It seems to me that there is nothing in the practical definition of an enterprise zone that most universities cannot fulfil.

I suggest that there would be savings to the taxpayer, because universities would not need all the investment that is required for the planned enterprise zones. By their nature, the zones would be incubators for new start-ups that would eventually have to move off campus on reaching a certain size. A mini-enterprise zone on a university campus would therefore create a quicker turnover than the planned enterprise zones. The hypothetical loss in taxes calculated by the Treasury mandarin would therefore be far less, because once a business on a campus got to a certain size, it would feel restricted and would have to move off quicker than those in the planned enterprise zones.

Matthew Hancock: I am interested by my hon. Friend's proposal. Does he recognise that it is similar in structure to what happened at Stanford in the United States from the 1960s onwards, where the cheap start-up costs for IT firms led to the creation of Google and many other world-beating companies?

Eric Ollerenshaw: I thank my hon. Friend for that intervention. My suggestion is a hybrid scheme for which universities could bid. As part of a technology strategy, the universities could make some money out of the start-up companies through joint ventures with them, which could then be reinvested. I believe that it would cost the taxpayer less in the long run if we just let such zones happen.

To use Lancaster as an example, I can think of two or three innovative businesses on campus that are struggling to find extra funds, but that had to start paying taxes straight away. Just a little bit extra would allow them to move. By the nature of a university campus, the businesses will not be there for ever. By definition, they will have to move on and there will be a swifter turnover.

To put it simply, let 100 university zones bloom. The hon. Member for Blaydon is not in his place, but he would have liked that phrase. There is potential for growth and for new jobs. This could apply to most universities. It would be a simple thing to do, provided that we could get it through the Treasury mandarin.

7.36 pm

Mr Tom Clarke (Coatbridge, Chryston and Bellshill) (Lab): I have listened to this debate with interest. My experience is that the problems that my constituents bring forward for me to deal with are a reliable barometer of what is happening in our economy. At present my constituents are getting it tough—very tough. They are not alone. Earlier this month, *The Guardian* reported that half a million people will be forced off incapacity benefit. Additionally, child poverty, youth unemployment and fuel poverty have increased and are set to rise further. At the same time, fuel and food prices are rising to unprecedented levels.

Angela Smith: I wonder whether my right hon. Friend feels insulted that, given the seriousness of the debate, no Minister could be present on the Front Bench.

Mr Clarke: The Chancellor likes to hear himself, but I do not see him often when others are speaking.

We are entitled to be extremely worried given that over the past three months unemployment has reached its highest level in 17 years. There are now more women unemployed than at any time since 1988. All of this is a consequence of this Government's austerity measures—and what improvement has there been as a result of the hardship?

Mr Bain: My right hon. Friend has been a champion of equality since being elected to this House in 1982. I wonder whether he has had an opportunity to consider the report issued by the Institute for Fiscal Studies this morning, which says that one of the biggest drivers of the lift in household incomes has been female employment. How does he believe the cuts announced by the Chancellor in the Budget and the autumn statement will contribute to living standards?

Mr Clarke: My hon. Friend, as usual, makes an interesting and relevant point. I hope to return to it later if time allows.

The Office for Budget Responsibility has forecast that growth will now be lower this year, and for every year until 2014. Unemployment will rise next year and be higher than previously forecast in every year until 2015. Consequently, Government borrowing, which we have heard so much about, is set to be £158 billion higher than was planned a year ago.

The coalition Government's economic policy is simply not working. When Labour left office, the economy was growing. In the past 12 months, only Greece, Portugal and Cyprus have grown more slowly than Britain. That is not just because of the eurozone crisis. The British recovery was choked off more than a year ago. In the 12 months since the Government's spending review the UK economy has grown, but by a mere 0.5%, while the EU has grown by an average of 1.4%. Their policy has starved us of growth.

Britain needs sensible public sector projects that will stimulate our economy, so that it is less dependent on a downward spiral of destructive cuts. Instead, the OBR forecasts more than 700,000 public sector job losses as a result of Government measures, and for anyone who remains, a ceiling of 1% is being put on pay rises for the two years following the spending review period.

Youth unemployment has exceeded the 1 million mark, and long-term unemployment among 18 to 24-year-olds is up by a shocking 83% since the start of 2011. What do the Government do in the face of that crisis? They scrap the future jobs fund and introduce three-year work placement subsidies, which will mean just over 53,000 funded jobs—a far smaller number than the 105,000 starts provided by the future jobs fund between October 2009 and March 2011. Those new placements are not even guaranteed. No wonder our young people feel cheated by society. That message certainly comes over to me in my constituency.

If we are not careful there will again be a lost generation of young people—just as there was in the '80s, Mrs Thatcher's time—which will lead to broken homes, broken relationships, dashed hopes and broken dreams. I would not for one second condone the riots that took place in England earlier this year, particularly as I am asking the House to reflect on what youth unemployment actually means. Indeed, I am pleased that they did not extend to Scotland. However, it would be naive in the extreme to think that we can continue with the figures and statistics that are a reality in Scotland and not expect young people to articulate their views.

We were first warned about these matters as long ago as during the war, when Sir William Beveridge wrote:

> "If full employment is not won and kept, no liberties are secure, for to many they will not seem worth while."

So what about the poor and people with disabilities? Since 2010 jobseeker's allowance claimants have risen in the most deprived areas of my constituency—I underline the word "deprived"—from 26.3% to 28.1%, against a UK average of 3.9%. We are asking what the Government's response will be, because that is a real problem. Additionally, Mencap has found that one in two families with a disabled child live in poverty. The Chancellor is playing with the lives of those people. As they teeter on the breadline, tax credits are being cut, Sure Start centres are closing at an alarming rate and the number of people able to claim disability benefit is being cut.

Jim McGovern: My right hon. Friend may be aware that last Friday, a Spanish wind turbine company called Gamesa abandoned its plans to locate in Dundee, my home city. It is a devastating blow for Dundee and means that a prospective 1,800 jobs will not be created. Does he agree that the UK Government and the Chancellor should work more closely with the devolved Administrations to ensure inward investment throughout the UK?

Mr Clarke: My hon. Friend makes an excellent point, with which I agree.

When it was promised that the coalition Government would protect the most vulnerable from the impact of spending cuts, what part of that commitment did the Chancellor not understand? Instead, the situation of those individuals will only worsen as the Government announce yet more and more cuts to make up for a lack of growth. It does not have to be that way. It should not and need not. The Government could change course and adopt Labour's plans for jobs, to seek to grow the United Kingdom and take us out of debt. Our people deserve no less.

7.44 pm

John Stevenson (Carlisle) (Con): It is a pleasure to have the opportunity to participate in the debate. I appreciate that it is primarily concerned with the state of the economy at present, and I accept the reality that the economy is likely to dominate our debate and politics for the next few years as we concentrate on improving it and trying to achieve some growth. However, as this is a general debate I thought I would take a slightly different approach. In the short time that I have, I wish to consider what sort of economy I would like to see in the next five or 10 years, and what sort of economy we should aspire to.

Members of all parties want a rich and growing economy that provides quality public services and well-paid jobs. That is clearly our ultimate goal. We therefore need to consider matters such as: the balance between the public and private sector; what level of taxes we should have and what those taxes should be; how much regulation there should be and what we should be regulating; what industries the Government should support and encourage; what the relationship should be between central and local government on economic policy; and what policies on education, training and the like will best support a growing economy. Those are all very big issues in their own right, but I shall concentrate on three general themes.

My first theme is the public sector. The critical starting point for me is that government, whether it be national or local, can and should be a vehicle for good. However, the danger of government being a hindrance is all too obvious. It can become too big, acquire too much debt and an oversize deficit that crowds out wealth-creating sectors, and introduce too much regulation, strangling any innovation. Probably worst of all, officialdom and bureaucracy can become all-powerful and interfering. That has happened to some extent over the past few years, and it is this Government's job to try to reverse it.

It is vital that over the next few years, we start to rebalance things. I accept that the state has an important role to play, but it should be smaller and more efficient. Government should not try to do everything, it should try to do some things extremely well, particularly the things that the private sector cannot do. The state sector needs to raise its productivity levels, and we must always remember that it is not always about the amount of money that is spent, it is also about how we spend it. We need to create a competitive environment within the public sector wherever possible, and most importantly of all we need to encourage clear leadership and quality management, to maximise freedoms in the public sector

[John Stevenson]

so that leaders and managers can perform their jobs to the best of their ability and as efficiently as possible. Those overriding concepts can lead to a much more productive and effective public sector providing better services for the people of this country.

We also have the wealth-creating sector, which must also be a vehicle for good, creating jobs and wealth for our country. Our goal should be to create an environment in which the private sector can flourish, with a sensible tax regime and an appropriate regulatory regime. We need consistent Government policy so that business can plan for the future, and we need to ensure that the Government's finances are stable. That should be their aim.

We need a balanced economy, but at the same time we must recognise that we have certain strengths as a country, for instance our financial sector, and should play to those strengths where appropriate. The key is to ensure that we have a competitive environment and a skilled and educated work force. Wherever possible, we need to ensure that barriers to entry are kept to a minimum. The prime example is the banking sector, in which organisations are too few and too big. Indeed, we could go on and criticise the accountancy world, in which we have four very large firms. Are they also too big and too few? There is work to be done over the next few years in helping our economy rebalance, creating the right environment for business to grow and ensuring that we have a skilled and educated work force and a competitive market for businesses to compete in.

The final key area on which I wish to reflect is how Britain made its fortune in the past, which was through trade. We are a trading nation and a very open economy, but we appear not to have performed as well as we should. We have a deficit of £100 billion in the trade in goods, so there is clearly a problem. Some 50% of our trade is with Europe, and our main trading partner is Ireland. What about the BRIC countries—Brazil, Russia, India and China? Ten years ago they represented 8% of the world's GDP. It is now 20%, yet we have only £2 billion-worth of trade with Brazil.

Charlie Elphicke: Does my hon. Friend agree that a key Government priority should be to boost trade with BRIC countries so that we can diversify our economic base internationally?

John Stevenson: I completely agree. Growth is not in Europe but elsewhere in the world, and we should try to increase our trade with the BRIC countries. We need to look at those new markets and rediscover our trading instincts.

I accept that our concern is primarily the state of the economy here and now and in the next 12 months. However, we need to remember to raise our eyes above the horizon and think about what kind of economy we aspire to in five or 10 years' time, and how we will create it.

7.50 pm

Mr Pat McFadden (Wolverhampton South East) (Lab): I shall use the time available to make a couple of points about the economic challenge facing the country, and in particular about the era of the politics of less. All of us must look to achieve our political and economic aims in an era of lower growth than we have been used to in recent years.

The central feature of the autumn statement last week was the further downgrading of economic forecasts for the short term. The Office for Budget Responsibility downgraded its growth forecast for this year from 2.6% to 0.9% and for next year from 2.8% to 0.7%, and said that by 2015 the economy will be 3.5% or £65 billion smaller than previously forecast. The *Financial Times* has estimated that the gap between the economic growth trajectory had the recession not happened and where we will be in a few years' time is 14% of GDP. We are therefore entering an era in which our economy is smaller—and by some projections significantly so—than it would otherwise be. Recovery will be weaker than expected, unemployment will be higher and the economy will be smaller for some years to come.

Mr Denis MacShane (Rotherham) (Lab): Is my right hon. Friend aware that between 1997 and 2010 the British economy grew by 75%—in other words, that it almost doubled? It has now come to a shuddering stop and is going into reverse. Can he think of any previous historical period in the past 200 years, and not only in the 1970s, when a Conservative Government presided over such an astonishing, shrinking, no-growth economy?

Mr McFadden: I agree with my right hon. Friend that the economic times that we are in should make us reassess what we think of as normal.

The human implications have been laid out by the Institute for Fiscal Studies in its analysis of the impact on households. As was mentioned earlier in the debate, the IFS has shown that the distributional impact of the measures is geared so that the greatest losses come in the lowest-income deciles, and that there are particularly harsh effects on families with children. The shadow Chancellor in his opening speech referred to the impact of the tax credit measures on individual constituencies. The most striking figure for me is that the IFS forecasts that between 2009-10 and 2012-13 there will be a 7.4% fall in real median net household income, which is about the same as the largest fall since records began.

Angela Smith: In the context of what my right hon. Friend says, can it be fair that while £1.2 billion in tax credits for low-income families is taken away, only £300 million extra will be required from the bankers?

Mr McFadden: Anyone who looks at the IFS distributional charts would certainly not judge the impact of the Government's measures as fair.

The background, therefore, is less disposable income, weaker growth, more unemployment and more borrowing. Against that, it is little wonder that there is such low confidence among families and businesses alike.

The question, therefore, is what to do to promote the economic growth that we so urgently need to create jobs. The Chancellor set out a number of measures in the autumn statement—more lending to small businesses, more spending on infrastructure and so on—to try to boost growth. Some of those individual measures are perfectly sensible and should be welcomed. Of course

small businesses want more lending, and more capital spending will create jobs, but the real question is whether those measures will contribute to economic growth.

The OBR has already given its verdict. Paragraph 1.14 of its report states:

"We have not made any material adjustments to our economy forecast on the basis of these policy announcements",

meaning the ones in the autumn statement. Its verdict is that however worthy the individual measures are, they will not make a material difference to the overall picture. Therefore, if growth will not come from consumer spending because the consumer is being squeezed in the way that the IFS has set out, and if it cannot come from Government expenditure because that is contracting, it must come from trade and investment.

The Government should ask what more they can do to encourage business to invest. My contention is that that is not a matter of putting one or two measures suggested by business lobby groups into such statements. Rather, it is a matter of making a sea change in our thinking of how we get growth in these economic times.

I shall focus on one particular issue on which I have spoken before in the House. Although industry welcomes the change announced on R and D tax credits, there is real concern about why the Chancellor is pressing ahead with his plan for a £3 billion-a-year hit on manufacturing industry through his cuts to capital allowances. It is not enough to argue for enhanced capital allowances in enterprise zones when manufacturing in the economy as a whole is putting up with that £3 billion tax hit. How does it help us to generate a low-carbon economy if the Government make investment in the equipment and machinery that will get us there more expensive through their tax policy? Even the excuse that that is a necessary deficit-reduction measure is not available, because the money is not being used to reduce the deficit; it is being recycled in a give-away to businesses in those sectors of the economy that do not invest, including the very banks that will not lend to manufacturing businesses in the first place.

If we really want to rebalance the economy, our manufacturing tax stance should recognise the shortened lifespan of machinery, help businesses to invest, and ensure that British companies have an incentive to invest and that they are not hindered in their efforts to keep ahead of the game. That is made more urgent by the sharp downgrading last week of the forecast for growth over the next couple of years. That shows that the Government need to be more, not less, ambitious in their plans to promote trade and investment.

We have twice heard Government plans that have been billed as plans for growth, yet at each economic statement, growth has fallen, and it is projected to fall further. If we should have learned one thing in the past three or four years, it is that assumptions of snapping back to so-called normal trend rates of growth have been consistently over-optimistic. These are not normal economic times. The downturn has been longer lasting than we feared and hopeful projections of future growth have a habit of retreating into the middle distance.

My contention, therefore, is that the era of the politics of less poses challenges for us all—Government and Opposition. How do we secure economic efficiency and social justice in an era of lower growth and squeezed household incomes? If the Government's spending is to continue on a downward path for some years, and if households face the kind of squeeze in their incomes set out by the IFS, the circumstances demand an industry policy on a scale and ambition way beyond what we saw in the autumn statement last week. They demand a resolve from the Government, industry and all levels of education to make the rebalancing that we talk about happen, and to put weight behind those areas where Britain can succeed. The situation demands more than a regional growth fund at half the level of spending of the regional development agencies; more than a tiny fraction of the €5 billion-a-year relief for energy-intensive industries that is available in Germany; and tax policies that support the rebalancing effort rather than pull in the opposite direction.

7.59 pm

Matthew Hancock (West Suffolk) (Con): I shall continue directly from what was said by the right hon. Member for Wolverhampton South East (Mr McFadden). Our country faces very difficult economic times, as does the continent of Europe. In recovering from a debt crisis throughout the west, we face difficult challenges. I listened with great interest to the right hon. Gentleman's speech. It closely followed the line of argument that was put forward by the right hon. Member for South Shields (David Miliband) in a speech last week. The right hon. Member for Wolverhampton South East recognised the scale of the problem and the need to deal with the deficit. Some of his suggestions were sensible; others I would not follow so closely. None the less, he was engaged in the economic argument. People across the country want to see politicians engaging directly in the economic argument about how we deal with the problem that exists now. I am not talking about the forecast that was set out before the credit crunch in 2007 and before the last election. Incomes are 14% smaller than anticipated, which is a serious problem. Most of the blame rests with the previous Administration, so it is absurd to make party point-scoring interventions on this particular issue. This is an important argument with which to engage, which is why I am so disappointed by the arguments that were put forward by the shadow Chancellor and the Labour party; they completely failed to engage in the seriousness of the economic debate.

I should like to tackle three issues that show just how much the Opposition arguments miss the point. I will not dwell on the fact that the Opposition seem to believe that borrowing is in and of itself a good thing and I will not set out any further than has been set out already the chaos of their euro policy—a policy that was changed from the Dispatch Box in response to an intervention. However, I will set out the complete failure of the Opposition on three specific points.

Karl Turner: (Kingston upon Hull East) (Lab): Before the hon. Gentleman moves on to his next point, will he accept that economic growth was choked off well before the eurozone crisis? Government Members were being warned about the situation by many people. They were even warned by me, and I have very little knowledge of the economy.

Matthew Hancock: I certainly accept that growth and the protection of the economy will be difficult because we are escaping from a debt crisis in which we had the

[Matthew Hancock]

biggest boom and the biggest bust. Certainly there are some very important domestic causes of our problems. The massive boom was funded by borrowing—both by the Government and in the banking sector. I also accept that inflation, and especially commodity price inflation, has had a negative impact on the economy as set out by the OBR. Moreover, the Greek crisis broke in the weekend after Labour had lost the election, but before the coalition was formed. The then Chancellor set out that Britain should participate in bail-outs, a position from which this Government have extricated themselves. The euro crisis certainly has had an impact and it broke in May 2010.

My first specific point is that I have not yet had an answer to a question that I have been posing on TV, on the radio and in this House, which is how can spending more money lead to lower borrowing?

Sheila Gilmore *rose—*

Matthew Hancock: Let me set out my point and then I will take the intervention. The conditions under which that can be true are highly specific so as to be utterly extraordinary. The Lafferites on the right argue that in the case of very high marginal personal taxation rates, they can pay for themselves if they are cut, but there is little evidence of that. Margaret Thatcher said that the problem with the Laffer curve is that one does not know where one is on it.

The idea that spending can lead to a Lafferite consequence—that borrowing is lower because of more spending—has absolutely no force in economic evidence or logic.

Sheila Gilmore: It has more force in economic theory. That was precisely the point that was made during the 1930s and subsequently by Keynes. It was said that the time one should be borrowing is during a recession. We should borrow to build houses, create construction jobs and to keep people in work and not, as this Government are doing, to keep people out of work.

Matthew Hancock: I will come on to that point a little later. That is the argument that is put. The question that has to be answered is how can the extra tax that the Government get from employing people exceed the cost of employment when it is the Government who are paying the tax? It does not make sense.

Sheila Gilmore *rose—*

Matthew Hancock: No, I will make the point in another way. If a person borrows money to employ somebody and then claims that they will get back more than the cost of employing that person through tax and lower unemployment benefits, the Government would have to pay more to themselves in tax than they spend in tax. That cannot be true in logic let alone in economics.

Angie Bray (Ealing Central and Acton) (Con): Is the point not being missed by the hon. Member for Edinburgh East (Sheila Gilmore)? On this Keynesian argument, a person would have had to be saving during the good times, and that is what was missing from the programme of expenditure of the Labour party.

Matthew Hancock: Keynes himself argued that we need to save in the good times or, as JFK on the left put it, we need to fix the roof when the sun is shining. That argument has no foundation in economic theory or experience. I have a second argument that I want to challenge. It was put this morning by the shadow Chancellor in *The Times*. He said:

> "The argument is whether it is better to be borrowing billions more... or whether action now to get our economy moving will get more people into work paying tax and help to get the deficit down in a fairer way."

I could not agree with him more. It is better to be taking action now to get our economy moving rather than borrowing billions more, which is the policy of the Labour party. Their position, therefore, is illogical. Their argument is that borrowing is going up. However, the shadow Chancellor was forced to admit after an intervention that borrowing is falling; it is lower this year than last year and it was lower last year than the year before under Labour. It is falling in the OBR's forecast every year. Labour members may smile, but when their argument is inconsistent with the truth, they know that they are on weak territory.

My final argument concerns the idea that low interest rates are a bad idea. The shadow Chancellor holds both that borrowing is good and that higher interest rates would be better because he has said that low interest rates "are a failure". I put it to all Members in this House to ask their mortgage-holding constituents and their small businesses whether that is the case. The only conclusion I can come to is that the reason they hold this position is purely political so that they can oppose the cuts.

8.8 pm

Angela Smith (Penistone and Stocksbridge) (Lab): Follow that, as they say.

There is no doubt that the economic news of the past few weeks has been appalling. In last Tuesday's autumn statement, the Chancellor finally admitted what the shadow Chancellor and many economists had been telling him for months—that the massive gamble that he took in June 2010 has failed.

Last week, the Chancellor announced not plan B but plan A-plus. Over this Parliament, the Government will now have to borrow £158 billion more than they said just 18 months ago. That is despite the pain of cuts worth £40 billion imposed on the economy and tax rises imposed on ordinary families up and down the country.

Mr Bain: Is my hon. Friend aware of the figures from the OBR which indicate the scale of the Chancellor's disaster? There has been £15 billion less in tax revenues coming into the Treasury. Does that not explain the scale of his under-achievement on growth?

Angela Smith: It absolutely does explain the scale of it. Let us make real-life sense out of some of these figures. They mean that 700,000 public servants had to be cast aside, 300,000 more than the Chancellor said would lose their jobs just a few months ago. Some £1.2 billion has been taken off tax credits while bankers suffer a mere £300 million increase in the take from their pay packets by the Treasury.

Any pretence of fairness and of our all being in this together went out the window last Tuesday. Ordinary families are taking a massive hit: already more people are unemployed than at any time since 1994—the current figure is 2.6 million—and to make matters worse the number of people out of work for more than a year is 868,000, with the long-term rate for 16 to 24-year-olds standing at a staggering 30%.

Mr McFadden: My hon. Friend refers to the cuts in tax credits in the autumn statement. Since they entered office, the Government have made great play of increasing the incentive to work. How does she think that the incentive to work will be affected by cutting tax credits for low-income families?

Angela Smith: It can only have a regressive impact because it will mean that families are less able to provide for their children and to develop the aspirations that are so important in later life.

One in three young people have been unemployed for more than one year and youth unemployment stands at a staggering 1 million, with the figure for those not in education, employment or training standing at a terrifying 1.2 million. The Government are creating another lost generation similar to the one that they created in the 1980s. Clearly, the Chancellor's policies are hurting the British people, but they are certainly not working. The young in particular are paying a high price for his failures.

There is worse to come as the OBR now states that, at best, the British economy is set to stagnate next year and the year after, with growth broadly remaining flat. Even worse, if the well-respected OECD is correct, the economy will dip again into recession early next year. The British economy has been stagnating for the past 15 years, and the growth and jobs crisis has its roots firmly planted at No. 10 and No. 11 Downing street. Real incomes are being squeezed like never before, with high inflation and rocketing fuel bills not helped by the Government's decision to increase VAT in January.

Last week's statement gave hard-pressed families two more years of austerity, with real median incomes set to fall by 7.8% according to the Institute for Fiscal Studies. That means that real median household incomes will be no higher in 2015-16 than they were in 2002-03 and that we will have suffered the longest period of austerity since the second world war.

The Government inherited an economy that was fragile but nevertheless in growth, yet they gambled that recovery on the basis of tired ideas that have been tried before and found wanting. The right-wing prescription failed in the '30s and is failing again now, with the consequence that the economy could dive into a double-dip recession. The level of unemployment in Yorkshire is almost twice what it is in the south-east and is growing at twice the rate. It is entirely possible that Yorkshire is already in recession.

The autumn statement did not announce any new resources to be injected into the economy—all it announced was a moving around of the money. It will be families with children who will pay for the back to the future jobs fund—the youth contract—through the £1 billion cut to the child element of family tax credits. If this country is not to face a lost decade, or even worse, we need a strategy for growth, and we need it now. The stakes are high and we urgently need to get people back to work before another generation has to pay the same price as mine for an ideologically driven Government who refuse to learn the lessons of history.

In particular, we need as a starting point Labour's five-point plan, which would reverse the damaging rise in VAT temporarily and give a one-year national insurance tax break for every small firm that takes on extra workers. And crucially, it would bring forward long-term investment projects for schools, roads and transport to get people back to work. What we do not need is what has been recently proposed: a shopping list of projects here and there paid for by redistributed money. Instead, we need a rigorous, strategically driven investment regime designed to drive long-term economic growth.

In the medium and long term, we need a better economic way forward. On that point, I echo the points made by my hon. Friends. The Thatcher-Reagan consensus is crumbling before our eyes. Will Hutton put it even more starkly in a recent article when he said that

"we are about to experience economic, social and political tectonic plates on the move".

We desperately need to develop an alternative economic paradigm, which means changing the way our capitalist structures work. We need to go back to making things and to give manufacturing a much bigger role in our economy. We need a capitalism that looks to the long term, not just to short-term profits, and we need a society where reward and risk are shared and where it is understood that the state has a role to play in pioneering and driving strategic investment. And we need to invest in innovation

The Government's strategy of cutting and hoping that growth will magically reappear is not working now and did not work in the past. The Government are bankrupt of ideas for our future and lack the imagination and the bravery needed to take our country forward to its next phase. These extraordinary days require extraordinary solutions, but the fear is that it could soon be too late for many millions of British families who are paying the price for this out-of-touch, ideologically driven Government who seem determined to follow their chosen course no matter what damage it does to the British economy and to families in this country.

8.16 pm

Richard Fuller (Bedford) (Con): I listened with great interest to the comments of the hon. Member for Penistone and Stocksbridge (Angela Smith), who spoke eloquently about the short-term pain that many families in her constituency and, I am sure, in mine are going through in these difficult economic circumstances. She also rightly pointed to the need for the Government to think about the long term. I hope that she will listen to my observations in the same spirit.

Under the previous Government, the United Kingdom became the most indebted major economy on earth. That was not the fault of the bankers alone, of Government borrowing alone or of companies alone; it was the fault of us all, although led by a Government who were at best asleep at the wheel and at worst systematically undermining our long-term finances for short-term political gain. These problems are so endemic that they cannot possibly be put right in one year, in one term or by one policy.

[Richard Fuller]

The absolute core policy that a massively indebted nation must pursue is the maintenance of low interest rates for as long as possible. The McKinsey Global Institute study on debt and deleveraging shows that the UK led the pack of the world's largest economies in terms of its debt-to-GDP ratio and became increasingly more indebted from the mid-'90s and, in particular, from 2003. From 2000 to 2010, domestic, public and private debt as a percentage of our GDP rose by 182 percentage points to nearly 500% of GDP, making the UK the most indebted of all major economies—even more so than Japan at the end of the period.

Mr MacShane: In the 1930s, interest rates were close to zero, as they were in Japan in the 1990s. Arguably, that increases indebtedness because if people can borrow massively without having to pay serious interest rates, they might run up debts. I am just gently saying that the idea that one factor can explain the problem and that we should focus on that is wrong. We need a holistic approach.

Richard Fuller: The right hon. Gentleman makes a helpful point. It is precisely my point, although unfortunately the shadow Chancellor missed it when he seemed to think that the responsibility of the Government towards debt management was to do with Government debt alone. It is not. The responsibility of the Government is to look at the whole economy. The debt of a nation, whether taken on by the Government, households or companies, has to be repaid by the nation. That is what got so out of control over the past 10 years.

Mr Adrian Bailey (West Bromwich West) (Lab/Co-op): I assume that in his figures for debt, the hon. Gentleman is talking about secured debt as well as unsecured debt. Did he read the article in the *Financial Times* about three weeks ago demonstrating that the level of unsecured debt under the Labour Government actually lagged behind economic growth, which means that our boom was not led by unsustainable borrowing?

Richard Fuller: I thank the hon. Gentleman for his intervention. He makes one correct point but draws a false conclusion. It may well be true that unsecured debt did not rise as rapidly as secured household debt under the last, Labour Government, but it is absolutely not true that the last, Labour Government did not preside over one of the most massive increases in debt of any nation on earth.

In response to the right hon. Member for Rotherham (Mr MacShane), let me make four points. The first is about the potentially crushing impact of household mortgage debt. Let us compare a household deciding whether to purchase a house with a mortgage in 1997 with one making that decision in 2007, looking at the loan-to-value ratio and average house prices in those two periods, and ask how much money the average household will lose over the next 25 years because house prices were allowed to rise so much. The answer is that the average household will have £250,000 less to spend—it will be a quarter of a million pounds worse off—in the next 25 years precisely because the last, Labour Government thought that they were creating wealth by making average house prices escalate way out of the range of the average family.

As a Government we need to look at building more houses and regulating mortgage lending to maintain sustainable norms. We need to look—as we are—at simplifying planning controls and removing obstacles standing in the way of house building. At some stage we also need to analyse the impact of the reintroduction of mortgage interest tax relief, should interest rates rise precipitously.

Matthew Hancock: Should we not also consider regulating the overall debt in the economy, as was done until 1997, but then stopped?

Richard Fuller: My hon. Friend makes a good point; indeed, that is also an idea that we should consider.

The other thing that we are leaving the next generation that we need to consider is our pensions liabilities and how to resolve them. The happily titled "Project Armageddon" report from Tullet Prebon shows that the public sector pensions liability is £1.18 trillion, which is almost the same as the published, or "treaty", Government debt of £1.11 trillion. I do not particularly want to dwell on public sector pensions, but this raises in my mind the way in which we have structured our pensions liabilities—that is, the pay-as-you-go nature of the basic pension scheme—such that we expect the next generation to pay for them rather than paying ourselves. Given that this generation will pass on such significant debts to the next generation in other ways, I have been considering various ways to change how we fund our pensions in this period.

In 2006 the Australian Government established the future fund, with 18 billion Australian dollars of seed capital. The goal was to invest in long-term infrastructure projects with a commercial return in order fully to fund the pension liability of public servants—that is, to move from a pay-as-you-go approach to an essentially self-funding system for public sector pensions. In the autumn statement my right hon. Friend the Chancellor talked about £21 billion of credit easing, which he will put through the banks via the national loan guarantee scheme. Let me suggest to the Minister that instead of putting that £21 billion of credit easing through the banks, perhaps we should create a UK version of the Australian future fund, essentially moving a portion of our pensions liability into what might be termed a hypothecated fund for that purpose. That is one thing that the Government could do that would significantly benefit the future generations that will have to pay off the debts racked up over the past 15 years.

Let me make two observations about job creation. There is nothing worse than people not having work to do when they are seeking it—hon. Members on both sides of the House think that is true. I am very pleased that the Chancellor has said that he will ask the independent pay review bodies to consider how public sector pay can be made more responsive to local labour markets. That would be a far more effective way of addressing wage-price rigidities than calls to scrap the minimum wage or other such measures. It is an issue—I listened to a speech by an Opposition Member about this earlier—that in certain parts in the north of our country, the public sector premium over private sector pay is 20%, whereas in other parts it is much lower, at 4%. In those areas the private sector should not be priced out of the market getting people to work for it because public sector pay is set significantly higher.

In closing, let me also gently suggest to the Minister that, with national insurance contributions at 13.8%, we have a significant tax on jobs. As we look to implement our policy to take the lowest paid out of tax, may I ask him perhaps to consider the national insurance tax on jobs too?

8.25 pm

Mr Adrian Bailey (West Bromwich West) (Lab/Co-op): I will resist the temptation to answer the points made by the previous speaker, the hon. Member for Bedford (Richard Fuller).

The autumn statement last week was the most astonishing litany of failure. The shadow Chancellor described the Chancellor's view as Panglossian; I myself thought it was more like something from "Alice in Wonderland". I just cannot see how the situation that the Chancellor inherited 18 months ago—a growing economy, and inflation, unemployment and our debt dropping—was so bad that it had to be destroyed and a set of policies put in place that have done the reverse. Now the Chancellor stands there and says, "This is what is needed. This is what the rest of the world admires and praises us for." Quite frankly, that bears no resemblance to reality whatever. I cast my mind back to 1997, when the former Prime Minister, then the Chancellor, resisted the temptation when he came into power to overturn everything that the previous Government had done. He kept within the previous Government's public spending limits for two years, laying the fiscal foundation for 10 years of prosperity. Perhaps the current Chancellor should eat humble pie and look at his example.

When the Chancellor announced his policies, I tried to pick from them the rationale for why they might work. As far as I could see, they were predicated on two assumptions. The first was that we would export our way out of trouble, the second that we would invest domestically to grow the private sector so that it could take the unemployment arising from the public sector. He did not really take into account the fact that in many regions the private sector is dependent on the public sector; indeed, the main thrust behind the surge in our manufacturing exports was because of the weaker pound and the sustained high demand in Europe. At the same time, he failed to co-ordinate the rest of the departmental policies to sustain that. He removed the regional development agencies. He also failed to deal with the banks and enable them to borrow to companies so that they could export, which meant that those companies immediately ran into capacity problems.

Then, of course, the squeeze hit, and confidence—not helped by the apocalyptic economic rhetoric that the Chancellor used to justify his policies—fell, reducing demand from companies to invest more. Now we face the problem of a difficult credit situation from the banking sector alongside low confidence, which means that people do not have the incentive to apply for loans. When I look at the measures in the autumn Budget, I fail to see how that would be addressed.

The Chancellor has introduced a whole set of supply-side measures that are in themselves a recognition of the mistakes he made when he first took office. I refer to things like the bank loan guarantees, which are just an extension of Labour's enterprise finance guarantee scheme. Then there are the infrastructure commitments, the regional growth fund, which is a poor alternative to the regional development agencies, and the youth jobs measures. These are basically repackaged measures, which the Chancellor claimed when Labour delivered them were one reason why we had this record deficit.

The problem is that the Chancellor is funding these measures out of cuts in current expenditure. We have long-term infrastructure projects, which do not have a short pay-off period; we have credit easing, which is borrowing by another name, and neither bankers nor businesses know how it will work—it will not work unless people feel they can sell the products that come from the extra investment; and we have RGF funding, which is glacial in its progress in tackling unemployment. I have asked the Minister several times how many jobs have been created nearly a year after its first implementation, but he cannot even give me a figure.

What we have at this moment is a set of long-term supply-side projects, which are not in themselves bad—I would support them—but they are funded out of short-term current expenditure at a time when we have the worst possible squeeze on personal expenditure. The real danger is that our capacity to grow in the future will be impaired by the present squeeze because many companies will either shed skilled workers in the meantime or will go under. When we get into a position to grow out, we will not have the capacity to do so. The Office for Budget Responsibility has drawn attention to that very point.

8.31 pm

Charlie Elphicke (Dover) (Con): I am pleased to be the first to welcome you to the Chair, Madam Deputy Speaker. I want to make a few remarks about economic impacts on the households and families that find it the hardest to make ends meet. Some call them the strivers; some call them hard-pressed families; I have even heard them talked about as alarm-clock Britons. Many families with children find it very hard to make ends meet, so it is worth underlining the strong action that the Government have taken to help people in that position.

First and most important of all is keeping interest rates low. I noted with interest the intervention of the shadow Chancellor on the Chancellor to point out, "Well, there is a liquidity trap; interest rates are too low; it is a bad sign; we need higher interest rates." I think that that will ring very poorly with Britain as a whole. For people who are striving and finding it hard to make ends meet, having to pay higher mortgage interest is not in their interest. The shadow Chancellor and the Labour party are wrong if they are entertaining a policy that is about raising interest rates. That was my understanding of the drift of the shadow Chancellor's speech. I regret it; I do not think it is the right thing to do. Let us bear in mind that a 1% hike in interest rates would mean £10 billion more in interest payments—about £1,000 extra on the average mortgage. People are finding it hard to make ends meet because of rising global commodity prices and the current difficult situation. Higher mortgage interest rates would be a massively retrograde step. One of this Government's most important achievements has been to keep interest rates low by providing stability, clarity and a positive deficit reduction plan to get our finances in order. That is helping millions of families up and down the country and millions of businesses with lower interest rates are far better off than they would be otherwise.

[Charlie Elphicke]

The other really important thing is the help the Government are providing with child care. For a long time it has been difficult, particularly in deprived communities like parts of Dover and Deal in my constituency, for joint working parents to juggle child care. The announcement to help those deprived areas with extra help for child care places was one of the most important in the autumn statement.

Sheila Gilmore: At the same time the Government reduced the amount of child care tax credit last year, so far from helping working families, that did exactly the opposite. These provisions for nursery care, though important, are not really a substitute for the kind of costs people face if they want to work.

Charlie Elphicke: I thought that child care tax credits had been protected. Indeed, I believe they are going up £135 next year, so I am not sure that the hon. Lady has that right.

Sheila Gilmore: Like others who have spoken today, the hon. Gentleman is confusing several different issues. The purpose of child care tax credits is to pay the cost of child care. The Government reduced the proportion of the cost that was paid from 80% to 70%. Child tax credits are a completely different entity, and yes, they are being increased. Earlier, the hon. Member for Bristol West (Stephen Williams) suggested that tax credits had not been frozen, but they have been, and that is another hit suffered by working families. It would help if Government Members understood more about the benefit and tax credit system.

Charlie Elphicke: As the hon. Lady well knows, she and I debated the issue at length during the Committee stage of the Welfare Reform Bill. I know that Opposition Members sneer at this, but I think it important that child tax credits are rising by £135 next year. That is a move in the right direction. It is good that the lowest paid in the public sector are being protected from the pay freeze because they are disproportionately women, just as it is good that 1 million people are being taken out of the income tax system because they are disproportionately women. We need more action of that kind. The hon. Lady's party had 13 years in which to take such action, but, as we know, child poverty sky-rocketed during the last Parliament. At least this Government are trying to take positive action in difficult times.

Hard-working families need to see stable finances, a stable Government and a stable fiscal position, because that is the only way in which we will bring back real growth. If we had continued to pursue the policies of the past, what would have happened to our country? We would have ended up as a basket case, like Greece, Italy, Portugal and Ireland. However, we had a credible plan, and we took firm action to control the deficit and sort out our national finances. We have made tough decisions that hit the least well-off, but also the most well-off. We are all in it together. Everyone is sharing the pain, more or less equally, and I think that that is the right direction of travel for the Government.

Members on the rowdy Opposition Back Bench may not agree with what I am saying, but the figures make it clear to me that we are working to create fairness. For instance, unlike the Opposition, we want to create fairness for motorists. By the end of next year, those who experienced such difficulty as a result of Labour's fuel duty escalator will save £144 on the cost of filling up the average car by the end of next year. That is an important example of progress. The apprenticeship scheme has also been a real help to our young people after youth unemployment rocketed, particularly under the last Labour Government. *[Interruption.]*

Madam Deputy Speaker (Dawn Primarolo): Order. Members do not have to agree with what is being said, but they do have to listen to it, and not continually interrupt.

Charlie Elphicke: Thank you, Madam Deputy Speaker.

In the last Parliament, youth unemployment in the shadow Chancellor's constituency rose by approaching 150%, whereas in the current Parliament the rise has been much lower. We are having to try to turn around the supertanker to return to our young people the futures that were so disappointingly taken from them by the last Government. We need to look after the younger generation, and allow them hope for a better future.

Let me end by saying a little about what the Government are doing for east Kent. The South East England Development Agency spent £20 million on a business park project and created tarmac, but no buildings and no business park. Money was too often wasted. Now we have a local enterprise partnership that has already created an enterprise zone, which is important to a community that experienced difficulties after Pfizer decided to run down its research in the United Kingdom. That is real progress.

Our area has benefited from massive activism. The fast train service to Deal and Sandwich will help to improve the economic situation, as will the £40 million regional growth fund. I also welcome the £180 million catalyst fund that the Prime Minister announced the other day. Such things are very important. We have seen more economic activism in east Kent in the last year than we have seen in the last decade.

If we can establish the people's port in Dover, it will give the community a sense of ownership, place and control of their destiny which will have an important impact on their confidence in us. East Kent is so often at the end of the line, a poor relation of the rest of Kent. I hope we can establish the people's port project, and make it work so that it is a great showcase. If we make it a success, we will be able to hand back confidence and the idea of building a future, and thereby regenerate Dover, making it every bit as good as it can be so that it is once again a jewel in the crown of the nation.

Looking across the piece at what we are doing both nationally and locally in Dover and Deal, we can see that the Government have the right policies at the right time. They are making the difficult decisions that will pay off for us over the next decade or so.

8.40 pm

Tom Blenkinsop (Middlesbrough South and East Cleveland) (Lab): The plan of the Prime Minister and the Chancellor had been fiscal austerity coupled with

an evacuation from the public sector, and it was initially assumed that that plan would by itself provide private sector growth. The plan has clearly failed because of its flawed logic and odd priorities. Under that flawed logic, more spending was planned for Post Office mutualisation than the original English regional growth fund.

Forecast growth has consistently been downgraded, while borrowing has been consistently revised upwards, from £46 billion extra to more than £158 billion extra and rising. While deficit reduction is highlighted by the Prime Minister, private sector growth was assumed, reliant upon foreign consumption at a time of international downturn in all consumption. That international downturn is nowhere more evident than in the eurozone, which the Government are at pains to attack politically at a time when the eurozone needs political union more than ever in order to provide fiscal credibility. Counter-intuitively, however, the Government undermine the required confidence, and in so doing only succeed in bad-mouthing the very export markets we so desperately need to retain in the interim until new market partners are developed.

Not until last week's autumn statement did we hear an acceptance by the Chancellor that private sector investment requires confidence and a reduction in risk via the injection of public investment. That is either achieved directly by underwriting projects or, as we have seen, by off-balance-sheet lending on an unprecedented scale. That lending is, of course, premised upon Britain's own position in respect of a now highly likely eurozone bank failure if no political union is established to reinforce fiscal union. The consequences of that will be extraordinarily grave for our financial institutions, given the potential for contagion. What is even more troubling is that the Office for Budget Responsibility believes the effect of the autumn statement's attempt to rectify this situation is negligible.

The Chancellor will also be aware that the Bank of England has purchased 42% of gilt issuance, owning 30% of total gilt stock. Britain's interest rates have been made lower as a result. That has been achieved by the independent Bank of England's purchasing policy, not because of the Chancellor's fiscal measures. It is interesting to note that this self-given "safe haven status" by the Chancellor has not led to increased international market ownership of British gilts. Indeed, international market ownership of gilts has not changed from 2008 levels.

Quantitative easing is also a reason for that. When the independent Bank of England buys gilts from banks and pension funds, some of the money is re-channelled into the sterling corporate bond market. That is great for the City, sterling and London property investment, but as yet there has been no trickle-down for regional small and medium-sized enterprises or regional high streets despite the much-hailed Project Merlin.

What have been the consequences of the Government's counter-intuitive policy for manufacturing and industry? I should state that the Government's aim to address our deteriorating balance of trade in order to create the surpluses we need is admirable. However, our balance of trade has deteriorated in the last 18 months under the Prime Minister's and Chancellor's watch. Last month's Markit and Chartered Institute of Purchasing and Supply index slumped to 47.6, the lowest level since June 2009. Any figure below 50 is usually an early indicator of contraction.

In the EEF's last quarterly survey of more than 450 manufacturers the growth forecast for 2012 has been cut to 0.9% from 2.5%, a figure it predicted only a few months ago. There is obviously a contraction, and a contraction that prefigures the eurozone crisis. This contraction undermines the Government's valid ambition to pursue export-led manufacturing growth. There is no manufacturing growth, and also an interim skills mismatch as any private sector manufacturing roles are being supplied with surplus labour from mass public sector redundancies and retail redundancies. In the 1980s there was the cultural phenomenon of mass long-term male unemployment due to a politicised attack upon unionised, largely male, manufacturing sites, and we now face the proposition of mass female unemployment as the public sector and retail sector shed employees, again in the public sector's case due to a largely anti-trade union, dogmatic narrative mirroring the diatribes from the Conservatives in the 1980s.

Nic Dakin (Scunthorpe) (Lab): My hon. Friend is giving a powerful analysis of the situation the country faces. Does he agree that we desperately need demand in the economy from somewhere, whereas what he is describing is a situation of contraction, rather than demand to fuel economic growth?

Tom Blenkinsop: My hon. Friend will know the consequences of the policies so far. We have seen massive job haemorrhages at Scunthorpe steelworks, and there was the recent announcement about Llanwern, where nearly 200 steelworkers face unemployment as a result of the mothballing of that site. Another site in Scunthorpe, next door to the steelworks, has decided to move to a short-time working agreement. Those are the consequences of these economic policies.

Culturally and economically, these policies are counter-intuitive to the needs of the economy. We need not just to rebalance the economy per se, but to rebalance structural unemployment, which requires as large an investment as that proposed for the infrastructure. For example, in the steel industry, becoming a waterman—probably the most important job on a blast furnace, involving as it does ensuring that water does not mix with molten steel—requires a minimum of two years' training. That is a considerable cost for the industry.

Unemployment is predicted to pass 9% next year, according to the "optimistic" estimate of the Office for Budget Responsibility—and at what cost to the Exchequer? Such estimates actually predate the autumn statement, which increased public sector unemployment by 200,000—from 500,000 to more than 710,000. My major concern, as the son of a British expatriate family that sought a future in Qatar during the early 1980s, when the previous Tory Government ratcheted up unemployment on Teesside, is another diaspora of British skilled manufacturing labour moving to other, far-flung nations. The promise of warmer climes and job certainty will be hard to resist for many, especially as a recent Experian study for BBC's "Newsnight" showed that Redcar and Cleveland, and Middlesbrough are among the top three areas hardest hit by the Chancellor's autumn statement.

It is not just the public sector cuts. The proximity of the north-east, which has no regional development agency, to Scotland is having severe consequences for our regional economy, as Scotland, which has its own RDA, is absorbing that manufacturing.

[Tom Blenkinsop]

Women are losing their jobs at twice the rate that men are, and the Chancellor's decision to freeze the working tax credit will hit women hard, especially working single mothers. That move, coupled with his decision to claw back money that would have been spent on the child tax credit, will have a significant impact on the well-being of the 36% of single mothers who claim working tax credit, and their families. What will happen to their incentive to work?

Mrs Chapman: My hon. Friend is making a fantastic speech.

Tom Blenkinsop: I thank my hon. Friend for that lovely intervention; it is an early Christmas present, in many ways.

What will be the consequences in benefit payouts to the Exchequer? The OBR tells us that by 2017, we can expect to have lost 710,000 public sector jobs. With 40% of women working in the public sector, making up 65% of the public sector work force, it is not unreasonable to assume that they will bear the brunt of these cuts, which could have potentially disastrous effects on the unemployment rate for women, with private sector growth not providing enough employment to compensate for these job losses.

Currently, 2,133 out of 6,622 Care to Learn claimants are aged 19 or over, including seven claimants each in the boroughs of Middlesbrough, and Redcar and Cleveland. As if young women in further education were not already facing massive financial challenges due to the education maintenance allowance being scrapped, I hear that the Government have recently consulted on the future of Care to Learn funding. These are the social consequences of counter-intuitive economic policies, which only beget further social consequences, further fiscal strain and spiralling social breakdown, without addressing any of the necessary economic rebalancing requirements.

8.48 pm

David Rutley (Macclesfield) (Con): It is an honour to follow the hon. Member for Middlesbrough South and East Cleveland (Tom Blenkinsop), a member of the "rowdy" Bench, perhaps better known as Snow White and what were four grumpy Members.

In the current economic climate rebalancing the economy is a critical task, and I am pleased that the Government are taking urgent action in this direction. We need to create the conditions in which sectors vital to the nation's growth have the best possible chance of success. Yesterday's launch of the UK's strategy for life sciences was an important step in improving the competitiveness of life sciences and pharmaceuticals, which are vital to the UK and to the local economy in Macclesfield, where AstraZeneca employs some 2,000 people. Across the country, those sectors employ about 160,000 people and have a combined turnover of roughly £50 billion.

The launch set out important positive policies for the life sciences sector: it will create new research partnerships with companies such as AstraZeneca to cut the time between the development of new treatments and their application; it will introduce a £180 million catalyst fund for the most promising medical treatments; it will reduce the time for the first recruitment of patients for clinical trials to 70 days from a staggering 600 days; it will ensure that medicines approved by the National Institute for Health and Clinical Excellence are automatically approved for use in hospitals; and it will establish an early access scheme that will allow thousands of seriously ill patients to get access to cutting-edge drugs up to a year earlier than they can now. Those steps will not only help to reaffirm the competitiveness of the UK's life sciences industry, but will encourage major pharmaceutical businesses to stay based in the UK and materially help to rebalance the economy. But the approach goes further, because it will enable patients who have simply been waiting for far too long for new medicines to get them earlier. The Government are absolutely right to tackle that unacceptable situation.

Our approach is not just about rebalancing the economy, because we need to rebalance our skills set too. There has never been a more important time to prepare a generation of young men and women for a future in business and enterprise.

Charlie Elphicke: Does my hon. Friend agree that apprenticeships have been a real step forward and have made a massive difference to our young people?

David Rutley: I completely agree with my hon. Friend, and I will come on to talk about the impact in Macclesfield, and no doubt in Dover too. Apprenticeships have been a phenomenal step forward.

A crucial priority for us now is getting to grips with reshaping the life chances of millions of young people and helping to improve the long-term economic prospects of the United Kingdom. There is clearly a lot to do. A recent survey of 3,000 parents with children aged 11 and under found that the top career aspirations for their children were: first, being a sports star; secondly, being a pop star; and thirdly, being an actor or actress. Going into business did not even feature in the top 10. More worryingly, those aspirations are increasingly reflected in the subject choices in school, with business-related subjects lagging far behind in the popularity stakes.

Pat Glass (North West Durham) (Lab): Does the hon. Gentleman believe that the Government's policy of putting a hierarchy of subjects into their English baccalaureate, so that classical Judaism comes above subjects such as business studies and IT, will help that situation?

David Rutley: It is good to hear from those on the rowdy Bench again.

Pat Glass: I was not rowdy; I listened.

David Rutley: It is good to hear that, and the hon. Lady makes an important point. Of course vocational skills are important and, as my hon. Friend the Member for Dover (Charlie Elphicke) was saying, the Government have taken important steps on vocational training. But it is also important to raise academic standards across the board in education, which is why it is vital that the English baccalaureate is being put in place.

To return to the theme that I was discussing, it is vital that employers get confidence in the education being given to our young people; in a recent survey, 70% said that not enough business awareness was demonstrated

by school leavers. In June an Ofsted report on business education went further, saying that students taking part in business-related education often had

"only vague ideas about the economy, interest rates and their impact".

That is clearly concerning and it will be an important spur to addressing business-related subjects in the much-needed national curriculum review in the months and years ahead.

The focus on business education needs to be improved in universities as well. Management, economics and accounting were much less popular than media studies and sociology in 2010, and the growth in media studies—15% over the past five years—continues to outstrip the growth in both management science and economics, the figures for which were 5% and 12% respectively. At a time when companies are crying out for commercial talent, it is troubling that the upcoming generation is not demonstrating an interest in business education, which is clearly growing in other countries.

So how can we begin to address those long-standing trends? Much can be done back at school. That same Ofsted report highlighted the fact that more than a third of schools failed to provide sufficient opportunities for students to engage directly with businesses.

Mrs Chapman: How can the hon. Gentleman possibly square that point with the dramatic nose-dive this year in applications for education from kids in the north-east post-16? What does he put that down to?

David Rutley: I am not familiar with circumstances in the north-east; I am making the point that too few students want a career in business because until now they have not had the right education, and we need to get them back on to a better path. *[Interruption.]* Apprenticeships are clearly one of the ways forward.

One of the key things we have to do is expose young people to more local business leaders. We have to get those people into the classroom to make the case for business, and we have to make sure that they provide positive role models. Work experience programmes go further, acting as an important way of helping children to apply and develop skills learned in school. In Cheshire, Bentley has created a successful work experience scheme with local schools; more than 850 pupils have gone through the programme over the last five years. We need more such schemes. KPMG, Tesco, Morrisons and others are starting to sponsor students at university. More needs to be done to engage businesses at university level.

As my hon. Friend the Member for Dover pointed out, it is vital to look at alternative ways for young people to get business skills. Apprenticeships are one of those ways, and we are seeing real success not just in shop floor disciplines but across a wider range of business skills, such as accounting apprenticeships. Macclesfield college is working with Elior, a French catering group, achieving real success not just for the business but for the young people involved. The Government are doing well in putting forward the case for apprenticeships, and I commend them.

Although it is vital to rebalance the economy and our skills base, the most important thing we need to do in the long term is to rebalance and raise the ambitions of future generations. I encourage the Government in those efforts.

8.57 pm

Mr Michael Meacher (Oldham West and Royton) (Lab): There is a paradox at the centre of the autumn statement that makes it self-defeating. The statement was widely touted as a growth Budget, but it is the opposite. The infrastructure plans relate to the medium-term future, on a three to 10-year time scale, but even if they materialise they are not the stimulus that is urgently needed now. Pension funds will certainly not invest in infrastructure unless the Government fully underwrite the risk, in which case it will be registered in the national accounts as a potential increase in expenditure and thus a rise in indebtedness. The paradox is that even to achieve that "smoke and mirrors" impression of growth the Chancellor is such a deficit fetishist that he has been obliged to tell the markets that there is no increase in spending at all, and everything has been funded by cutting spending elsewhere.

Significantly, the Chancellor has chosen to make those cuts by hitting the poorest hardest. Of the £1.2 billion child tax credit and working tax credit savings over the next year, 32%—nearly a third—will come from the poorest fifth but only 6% from the richest fifth, yet the poorest are precisely the segment of our population that is by far the most likely to spend and thus to stimulate growth. Reducing that source of growth in favour of will-o'-the-wisp infrastructure plans in the medium-term future is a pretty silly policy. It is certainly perverse and anti-growth.

The biggest problem facing Britain is not indebtedness, but the lack of aggregate demand. Everyone recognises that except our myopic Chancellor. In the 1930s, John Maynard Keynes said that if we look after unemployment, the budget will look after itself. Exactly the same thing applies today. Christine Lagarde, the head of the International Monetary Fund, warns that if all countries deleverage at the same time, it will be economic suicide. It is absurd to imagine that the markets would not accept some modest loosening of the monetary targets if it was likely to produce a serious prospect of growth; indeed, they would welcome that.

Of course we have constantly heard the Chancellor's refrain against this argument, his canard that any increase in public expenditure will push up interest rates, threaten the precious triple A rating and cost Britain more, but he does not have to increase public borrowing to kick-start growth. There are two sources of funding that he could draw on at no risk from the markets whatsoever. One is to require the super-rich to make a fair contribution to the Exchequer at a time of crisis for the country. At present they are contributing next to nothing.

In the past year, according to the IFS, the income of the bottom 10th of the population rose by 0.1%. The income of the directors of the top FTSE 100 companies rose by 49%. That is just about 500 times as much. It is time those latter people and the financial and corporate elite of which they are such a part made a fair contribution.

Jim Shannon (Strangford) (DUP): The right hon. Gentleman has clearly identified those at the top of the earnings scale, but at the bottom of the earnings scale are the long-term unemployed. Does he accept the concern of many in the House that the long-term unemployed are not looked after, and that there seems to be little regard for them?

Mr Meacher: Indeed. I very much support that point, and I shall come on to it later, if the hon. Gentleman allows me to make my argument.

I draw the attention of the House to the point that I was making. The latest version of *The Sunday Times* rich list, published in May, shows that in the 1990s the 1,000 richest people in this country—0.003% of the population, a tiny number of people—had assets of £99 billion, which by 2010 had more than tripled to £335 billion. That is truly staggering. It means that those 1,000 persons alone could pay off the entire budget deficit with just half of the gains that they have made over that period. So not to make the ultra-rich pay down a significant part of the deficit, which they themselves have largely created, is perverse, unjust and wilfully prejudiced.

There is a second source of funding that the Chancellor could and should, with no net increase in expenditure, use in order to resuscitate growth. Here I come to the point to which the hon. Member for Strangford (Jim Shannon) drew attention. It costs £8 billion to £10 billion every year to keep a million people on the dole. Instead of letting them rot on the dole, the Chancellor could create, with the same amount of money and no net increase in borrowing at all, up to 500,000 jobs to begin the house building, the energy and transport infrastructure improvement, and the development of the new green digital economy—all the things that the country so desperately needs.

The Chancellor would then have a triple whammy. He would reduce joblessness by a fifth, he would get income tax and national insurance contributions and he would get VAT, all by having people working rather than drawing benefits. He could well get Britain moving again. That is what the Labour party stands for, and it is about time the Chancellor, who has wreaked such devastation, caught on to a plan that will reduce the deficit fairly and sustainably and finally produce some growth in this country.

Several hon. Members *rose*—

Madam Deputy Speaker (Dawn Primarolo): Order. There are still seven speakers who wish to contribute to the debate, so I am reducing the time limit to five minutes each. I ask each Member to pay attention to the clock, and to colleagues in the Chamber, so that they stand some chance of getting into the debate today. That is five minutes, starting with Mr Steve Baker.

9.4 pm

Steve Baker (Wycombe) (Con): As I rise to speak I am reminded of a quotation from an economist who was a fierce critic of Keynes, a chap called Henry Hazlitt, who said:

> "Today is already the tomorrow which the bad economist yesterday urged us to ignore."

We have heard today some moving accounts of individual and collective suffering in different regions of the country and among different sections of the public. We should be asking ourselves why, oh why, have we been delivered into this misery, which looks as if it will extend over years. Much of the conversation we have heard has been along the lines of aggregates, coarse economic aggregates, and has tended to stray away from individual choices and consequences. We have talked about markets in the abstract, and it is a pity that we seem to have forgotten that markets are a social phenomenon, and that they are about people co-operating. When we talk about markets, we tend to imagine overpaid people, high-frequency trading and those who add nothing to society.

I am reminded of something a constituent said to me recently after hearing a Minister's speech. He asked, "Why is it that everything always seems to get harder for the working man, whoever is in power?" Indeed, in my constituency unemployment is up by 6.3% among the over-50s, up by 9.5% among those aged 25 to 49 and, scandalously, up by 23% among the young. We have heard that child poverty increased by 200,000 under the previous Government and that it is likely to increase by up to 100,000 under this Government. In the 21st century, that should not be our economic position.

Why are we in this debt crisis? I have just checked the M4 money supply figures—I am sorry to return to aggregates, but needs must. When Labour came to power the money supply was about £700 billion and it is now about £2.1 trillion, so it has tripled over the past 14 years. Unfortunately, most economists talk about money flowing into the economy as if it were water poured into a tank that found its own level immediately, but what if it is like treacle or honey? What if it builds up in piles when poured into the economy and takes a while to spread out? What if that money was loaned into existence in response to individual choices led by the excessively low interest rates pushed by the central bank? What if it was loaned into existence in particular sectors, such as the housing sector, where prices have more than doubled over the same period, and what if it was the financial sector that received the benefit of that new money first? Would that not explain why financiers and bankers are so much wealthier than everyone else, and why economic activity and wealth has been reorientated towards the south-east?

Unfortunately, the idea that money takes some time to move around the economy is lost on most economists, which I very much regret. Why did most economists not see the crisis coming? I put it to the House that it is because their theories of credit are mistaken. They make fundamental errors. Unfortunately I do not have time to go into that, but the fundamental point is that credit is a choice to consume more now and less later. It is about the exchange of present goods for future goods, and co-ordinating the economy through time, and I am afraid that the current intellectual mainstream in economics has dropped us into this desperate mess.

Opposition Members criticise the Thatcher and Reagan years. I think that there was much to applaud in those years, but unfortunately their intellectual underpinning was monetarism, which, like Keynesianism, is infected with those dreadful mistakes. People in the Occupy movement, and our constituents, are right to question the justice of our economic processes. The hon. Member for Penistone and Stocksbridge (Angela Smith) said earlier that the system cannot endure, and I am inclined to agree. I agree that the current debt-based and—I am afraid to say—statist system cannot endure. However, if this system is not to endure, which way should it fall? Humanity tried the statist direction in the past and it

led to misery and murder. I stand for free markets and free co-operation, but I say this to the House: if this is capitalism, I am not a capitalist.

9.9 pm

Chris Evans (Islwyn) (Lab/Co-op): We have heard the name of John Maynard Keynes again in this debate. My favourite Keynes quotation is the one in which he says that there comes a time when every Government have to indulge in "ruthless truth-telling", and it is time that this House stopped acting like Nero when Rome was burning.

We stand on the edge of the abyss, and we have a eurozone crisis that is not being solved. Nothing seems to be happening. Greece is on the point of defaulting, it could exit the euro and it could be quickly followed by Spain, Portugal and, even, Italy. Yes, we might say, "We're not in the euro: we're little Britain; they can't touch us," but the key thing is that their bonds are held by British banks, and British banks will have to bail them out once again.

We have to ask ourselves, "Are we going to stand back and allow ourselves to sleepwalk into another financial crisis, or are we going to heed the warnings and do something about it?" Last week, when we had the autumn statement, the headlines were that the OBR had downgraded its forecasts, but what worried me more than anything, and what was not said anywhere or by anybody in the House, was that the OBR could not quantify what a crisis in the eurozone would do to the British economy. The best economists in the Bank of England could not even quantify or say what disaster might befall us if there were a euro crisis, and to me that is very concerning.

There comes a time with every Government when they have to put ideology aside. When Labour nationalised the banks, it did not do so because of ideology; nationalisation was 30 years ago and belonged to the past. It did so because nationalisation was a necessity and a practicality, so now, as we face the crisis in the eurozone, we have to put ideology aside, see what the practicalities are and put them into practice. It calls for the type of bravery that is rarely seen in this House, but, if we had to nationalise the Bank of England and bail out the high street banks again, we would be saying to our constituents, "If you have the dream and the hope of setting up a business, it ain't gonna happen, because the banks are going to be even more cautious about lending to you," and, "If you have a mortgage, you're not going to be able to move it on to a lower interest rate, because the banks are not going to take that risk again."

The problem is that, with every crisis, every politician will stand up and say, "Oh, it's never gonna happen again. It won't happen on my watch." Even the Chancellor has said, "It won't happen again. No, not while I'm Chancellor—no it can't," but the truth is that it can, because we have not learned the lessons of the previous financial crisis.

In my speech, I wanted to analyse the legislation that affects banking, so I looked, researched and went to the Library, but I could not find any. There was none at all, so we are facing another crisis with the same banking practices and with a Government unwilling to do anything.

One thing on which I agree with Keynes is that, "During a recession you do not raise taxes." But what have the Government gone and done? They have put VAT up. It is all very well saying, "We're going to create jobs," but, if someone needs to drive to work and they are paying £1.33 for petrol and £1.41 for diesel, they might find it difficult to do so. If they are shopping and find that the price of their shopping basket has increased by 5% in the past year, they might not be able to afford food. Those are the decisions that people face.

I wish I had more time, but I will say this: the Government have an opportunity to do something. We need to look at skills and education, and to have a grown-up, adult conversation, asking, "Why are our young people leaving school not equipped to go into work?" I talk to people in my constituency with apprenticeship schemes, and they say that the kids are not prepared, so let us have an adult conversation and ask, "Why are they not prepared? What is wrong with the education system?"

The final point that we need to look at is tax reform. It is all very well the Government giving people a 1p cut in corporation tax, but when I speak to the small business man I find the thing that concerns him more is red tape. He asks me, "When I have a micro-business, why do I have to employ an accountant? Why can't I have a simplistic tax form to fill in?" I wish I had more time to develop those arguments, Madam Deputy Speaker, but I will sit down now.

Madam Deputy Speaker (Dawn Primarolo): Good!

9.14 pm

Harriett Baldwin (West Worcestershire) (Con): How can I follow the wonderful, lilting oratory from the hon. Member for Islwyn (Chris Evans)?

It is very difficult to turn round a supertanker. The supertanker that my right hon. Friend the Chancellor inherited was weighed down by the lead weight of having to pay out £120 million a day in interest and artificially inflated by a Government who were spending more than they were taking in, so that, in effect, £1 out of every £4 spent was borrowed. There was a very challenging situation when the Chancellor took the steering wheel of the supertanker, and we need a significant process of change to alter its direction towards one where we have a much healthier public sector financial position and where the private sector is able to continue its process of growth. *[Interruption.]*

Madam Deputy Speaker (Dawn Primarolo): Order. I am sorry to interrupt the hon. Lady. If Members want to have private conversations, they should leave the Chamber. If they are in the Chamber, they are taking part in the debate and they will listen to the person who is speaking.

Harriett Baldwin: Thank you, Madam Deputy Speaker.

I want to feed back to those on the Treasury Bench some of my constituents' reactions to the decisions that the Chancellor announced last week in his autumn statement as regards the process of steering the supertanker. Those decisions were taken very much with a view to his understanding their impact on household budgets. Businesses and drivers in my constituency have welcomed

[Harriett Baldwin]

the fact that the increase in fuel duty promised for January is not going to happen. Following the victory in Libya and acknowledged slower economic growth, they were expecting the price of oil to fall and the price of petrol and diesel at the pump to decline, but it has not. The increase in January would be extremely unwelcome for them.

My constituency has a very high percentage of people over pension age, who, needless to say, welcome the fact that they are to receive the largest cash increase in the state pension in history. They also welcome the Chancellor's decision to allow councils to freeze the council tax for a further year, because for those who are on fixed incomes or receiving modest pay increases, not having to suffer that increase in their council tax is another significant help to their household budgets.

For the many small businesses in my constituency, the fact that the small business rate relief is to be extended until April 2013 is very welcome. The new initiative whereby larger businesses can defer some of the rate increase by 60% for two years will also greatly help businesses with their cashflows.

On the credit easing measures, I would like to draw the Chamber's attention to an innovative idea in my constituency called ThinCats.com—presumably the opposite of FatCats.com. People can put their savings to work with ThinCats.com and it will lend the money out for them. It is one of the credit circles that are becoming increasingly popular. Credit easing is another way in which we will be able to get the benefit of lower interest rates into our business sector to allow businesses to receive help with their cashflow.

Finally, let me mention my concerns about the whirlpool that is offshore of the supertanker in the eurozone. The three possible outcomes that could occur are an underwriting of eurobonds, a break-up of the entire currency union, or the current uncertainty as we jolt from summit to summit with great promises and then huge disappointment. Of those, the current situation causes the worst damage to business confidence in my constituency. I therefore urge Ministers, as they go into these negotiations, to try to steer them towards one of those two alternative outcomes, which would provide some of the monetary stimulus that the eurozone needs and thereby a resolution of the current situation, which is the worst of all possible worlds.

9.19 pm

Mr William Bain (Glasgow North East) (Lab): Thank you, Madam Deputy Speaker, for calling me to speak in this extremely important debate.

The huge error made by the Chancellor on assuming office last year was to mistake a global crisis of demand, growth and jobs for one purely of debt and deficit. He launched a grand experiment of so-called expansionary fiscal contraction, which he must now admit has been the most disastrous episode in British fiscal policy since the 1930s.

The Chancellor took an economy recovering at an annualised rate of 2.1% at the end of the previous Government's period in office and turned it into an economy with flatlining growth. This autumn, our rate of growth stands as the fifth lowest in the EU according to the European Commission and is lower than the eurozone average. The National Institute of Economic and Social Research has said that this is the slowest recovery from recession in Britain in a century. In the great recession of the 1930s, it took just 48 months to rebuild the lost output in the economy. Under this Chancellor, it will be 69 months and counting. Even taking into account the measures announced by the Government last week, the OBR has downgraded growth for the fourth time since its initial forecasts last June. Growth is now 0.8% lower this year and a whopping 1.8% lower next year than in the previous March forecasts.

The burden is not being shouldered by the Chancellor, nor by the rich and powerful in society. It is being paid by women working part time to help support their families. It is being paid by children facing lower living standards than the generation before them. Above all, it is being paid by the poor, with the number of people in food poverty in this country approaching 4 million, and by the unemployed, with the number of young jobless now more than a million.

The respected Fraser of Allander Institute has said in its latest commentary that there is still some scope for fiscal easing without damaging our fiscal credibility in the long term. As Tony Dolphin of the Institute for Public Policy Research wrote last week in relation to the Government's fiscal consolidation plan and its impact on bond yields:

> "If it had started with a plan that reduced the deficit more slowly—say over six years rather than four—yields would probably be little different from current levels now."

What is particularly worrying is that the same austerity medicine is being applied in many other EU countries with similar results.

The Chancellor's growth strategy is now predicated on maintaining loose monetary policy indefinitely, with ever higher levels of quantitative easing, a policy he once derided as

> "the last resort of desperate governments"

whose other economic policies had failed. As the experience in the 1990s shows, low interest rates in themselves are insufficient to generate new demand. Japan has net debt of more than 200% of GDP, but even lower bond yields than the UK. As the Japanese economist Richard Koo recently said of austerity economics in an interview with *Money* magazine in the United States:

> "The Japanese made a horrendous mistake in 1997."

He explained that

> "The cutback caused a second recession... The Japanese Government didn't do enough spending in the early 1990s and added another 10 years to the problem."

It is precisely that thinking that underpins what the Chancellor is doing today.

The Government are ignoring four basic realities about our economy. The first is that living standards for families with working-age parents are being squeezed to levels last seen in the 1920s, amid slumping consumer confidence, slumping demand and weak retail sales. The second is that supply-side reforms are needed to stimulate growth in manufacturing and construction. In particular, a national investment bank could produce the borrowing capital needed to kick-start new investment in the green economy. The third is that mass unemployment creates massive social costs and unrest, and devastates lives, which ends up placing a higher burden on future

taxpayers. That is the price of economic failure. Finally, we need to build an economy in which those on low and middle incomes share more of the proceeds of growth than they have over the past three decades.

The country is crying out for a fair alternative to this failed Tory plan that is sucking demand from our economy, and hope and life from our communities. Our country deserves better leadership and a more optimistic vision of the future than that which has been offered by the downgraded Chancellor of this deflationary Government.

9.24 pm

Mr Tobias Ellwood (Bournemouth East) (Con): It is a pleasure to participate in this important debate. I hope that the usual channels will recognise the demand for and interest in it and perhaps provide more time in future.

I begin with a challenge to the Labour party about the observations made in the report by the Office for Budget Responsibility. I very much welcome the existence of that body and its report. If the Opposition accept the figures in the report, they must also pay heed to its analysis. I believe they have accepted the numbers, but not the reality behind them. The OBR does not predict a recession here in Britain, according to page 15 of the report, but there is a caveat that has been stressed by Members of all parties about what is going to happen in the eurozone. It is hoped that the right decisions will be made to bring confidence back to that area.

The report provides three reasons why the OBR has had to provide an updated position. The first is rising commodity and food prices, the second is that the scale of the boom and bust under the last Government had a greater impact on the economy than previously thought, and the third is that the euro crisis has increased instability and uncertainty, which has affected household and business spending.

There is also uncertainty about the liquidity of Europe's banks, which a number of Members have mentioned. There is an irony there, because in 2008-09 it was Governments who were bailing out the banks, but today the banks are called upon to buy bonds and bail out Governments. However, many banks across Europe are unable to do that. They are desperately trying to repair their exposure to the debt, and bond issuance across Europe is actually dropping. In the past six months, just €17 billion was traded, compared with €120 billion in the same period in the previous year. Big decisions need to be taken about the role of the European Central Bank, eurobonds and so on if we are to create the stability that is required.

I am grateful that our Government are in a different position from others, because they acted to keep the deficit down, cut the size of the public sector and help the private sector to grow through active enterprise policies and a reduction in corporation tax. They also took difficult decisions about universities and tuition fees, to ensure that we remain competitive in the long term.

I turn briefly, in the very short time that I have, to the economic growth figures as measured by GDP. The shadow Chancellor is keen on suggesting that the economy is flatlining. He uses funny gestures to say so—I wish he would stop them, because he looks a little bit like a cross between a lazy cricket umpire and Mr Tickle. I do not believe he understands the difference between the economy flatlining and growth. It is like the difference between velocity and acceleration—if someone jumps out of a plane, they fall at 9.98 metres per second squared. That number does not change, but as anyone who has done it knows, they do accelerate. It is the same with economic growth. The economy is growing year on year, as long as the figure is above zero. Labour need to recognise that. If they accept the figures in the OBR report, they must also accept that the outlook is that we can expect to see growth of up to 3% by 2015. If the Opposition say the economy is flatlining, are they saying that China's economy is flatlining with a growth level of 10%? Of course it is not; it is growing year on year.

My final point is about the national debt and the responsibility that the last Government ignored. That is the public sector net borrowing requirement—the difference between what we raise in tax receipts and what we spend on all the Government Departments. In Labour's last year in office, the Government put £513 billion into the pot but took £670 billion out, leading to a deficit of £157 billion. That was just one year. In 2002, the books balanced and there was not a problem, but the year after they borrowed £19 billion, and then it went up to £30 billion. Year after year, they accumulated a massive debt, which led us to the position that we are in at the moment.

It was not until this Government came to power that we said, "Stop. We cannot keep adding to this debt crisis." By the time the election took place, we were perilously close to losing our triple A rating, and we inherited the highest structural deficit of any major economy in the world. I am very pleased that we have got a grip on the economy now. Many quotations have been given in the debate, and I will give one final one, from Margaret Thatcher, who said that sooner or later, every Labour Government run out of UK taxpayers' money to spend. That is clearly what happened under the last Government.

9.29 pm

Sheila Gilmore (Edinburgh East) (Lab): This debate is not about denying the deficit, and nor is it about never reducing public spending: it is about if and how we reduce the deficit and how we use public investment to grow the economy.

I intervened on the Chancellor earlier in this debate and asked the Chief Secretary to the Treasury a question at Question Time because they ignored an important part of the OBR report, which they have quoted extensively—indeed, the Chief Secretary is still ignoring this point. He argued that we do not have growth because the OBR discovered that the recession was deeper than previously thought. However, the OBR also said that the recovery had been quicker and stronger in 2009 than previously thought and that the decline in growth came in the latter part of 2010.

That is when the famous oil tanker that people have talked about threw out its anchors and started moving backwards. The 2009 recovery did not happen by accident or because the sun was shining; it happened because the previous Government took steps to stimulate the economy. Such steps can be taken. It is not true, as has been argued, that if we simply use Government money, we will never pay off the debt.

[Sheila Gilmore]

The National Housing Federation, which represents housing associations, has made a small but helpful suggestion. It says that if the Government put £1 billion towards shared-ownership housing, the housing association sector could put £8 billion towards it. That would grow 400,000 jobs and build the 66,000 shared-ownership houses that are hugely needed by many low-income families, and at the same time reduce spending on jobseeker's allowance and housing benefit. Many who would live in shared-ownership houses would previously have lived in high-rent private sector housing, which causes the housing benefit bill, which the Government say they are worried about, to escalate.

That is just one small example. When we create jobs in that way, we create not just that one job. It is not a question of saying, "We spent all that money creating those jobs. Okay, those people will pay more tax and will not be on benefit, but that is not growing the economy." Those people exist within local communities. If people have jobs and incomes, they will buy goods from other businesses.

It is no accident that many of the businesses in difficulty during the recession and after are related to the housing world. I know of one firm in Edinburgh that not only sold furniture but built it. The furniture-building side of the business has closed because the market has declined. People are not buying houses and they are not moving into new ones or redecorating, and they are not buying furniture.

Mr Speaker: Order. It is the height of discourtesy for an hon. Gentleman, who has just made a speech in the debate and who is fortunate to have done so, then to sit there, wittering away at other Members, completely ignoring another hon. Member on her feet. That hon. Gentleman should be thoroughly ashamed of his behaviour.

Sheila Gilmore: The ongoing effect of creating construction jobs would ripple far beyond the jobs themselves. That is what we mean by investing to grow the economy. We will not always borrow money for such things, but if we borrow on a short-term basis, we would still be borrowing for a purpose. Borrowing is not always bad. Many Government Members and others bemoan the fact that small businesses cannot borrow to expand. The Government can quite legitimately borrow to grow the economy. That is what we should be doing, but we have not been doing it for the past 18 months.

Sammy Wilson: There is an additional ingredient that is needed in the hon. Lady's proposal. Not only do the Government need to borrow, but banks need to be willing to lend to people the mortgage side of the purchase of the house so that the shared ownership can be effective.

Sheila Gilmore: Indeed. Despite the fact that the Chancellor has assured us that he has entered into arrangements with the banks so that they would provide loans, we still have this mystery of why that has not been happening. If we do not do these things, we will see ourselves going further and further into decline. What the previous Government did to help us climb out of recession is worth repeating. That is why we are urging this Government to invest, to grow and to spend the money that is needed to get people back to work. We are talking about real people and real jobs that can be created. We should not be placing families in such hardship. Those who think that because we have high-end restaurants expanding in central London the economy is doing okay should move themselves out of central London and see the real world.

9.36 pm

Nic Dakin (Scunthorpe) (Lab): I thank you, Mr Speaker, for calling me to contribute towards the end of this debate. I have had the privilege of hearing much of the debate. What has struck me is the unanimity on all sides of this Chamber that the Government's policies are hurting people in the world outside. The question is whether the policies are working. My constituents and constituents across the country want to know whether the policies are right and whether they are working. At the moment, the early indications are that they are certainly not working according to the plans that were set out by the Government 18 months ago. We have youth unemployment above 1 million and women's unemployment at the highest ever level. The borrowing figures are £158 billion higher than expected to pay for unemployment and benefits, and not to pay for investment or jobs. At this mid-term point of the Government, that does not appear to be a positive step forward.

Businesses across the country are struggling. In my own constituency of Scunthorpe, an agreement was reached between the trade unions and the management at Caparo Merchant Bar to close early for the Christmas period so that the company can better reshape itself for the challenges of 2012. The demand for global steel is very low, which is causing a great challenge for steel companies in my constituency.

One of the arguments that concerns me is that the public and private sectors are somehow different. The public sector carries an element of risk while the private sector provides innovation and drive and those two sectors need each other. A local businessman said to me, "What we need, Nic, is demand in the economy. We need things done that drive demand." I welcome the infrastructure projects that were outlined in the Chancellor's autumn statement. Frankly, those projects should have been in place 18 months ago. It is not a matter of too little, too late but that there should be more. Consumer confidence is at an all-time low and dropping, and that is of great concern.

I want to focus on individuals because they are at the heart of this. A police officer in my constituency wrote to me, drawing my attention to the threats to his pay, his conditions of service and his pension. In a heartfelt way, he asked, "How much more pain do we have to suffer and how much more money does my family have to lose before enough is enough?" We should be listening to the words of the people out there. We owe them a stimulus and a direction forward and we should deliver them today.

9.39 pm

Chi Onwurah (Newcastle upon Tyne Central) (Lab): Last year the Chancellor boasted, with barely contained glee, that it would be necessary to make cuts deeper and faster than any Chancellor in history in order to clear

the deficit in four years. In the process, we were told that the private sector would be freed, that the economy would soar forth just in time for general election tax cuts and that we would all be in it together.

One week ago, the Chancellor came to this place to admit that growth had flatlined, that he would be borrowing £158 billion more than forecast, that further cuts had to be made and that the deficit would still be there at the next election. And it certainly does not feel like we are all in this together, as many of my right hon. and hon. Friends have said this evening—not when there are 1 million unemployed young people, not when two thirds of the cuts are being borne by women and not when manufacturing, the regions, education and innovation are all suffering.

This has been a lively and, at times, passionate debate, and there have been many excellent contributions. I am only sorry that I do not have the time to mention all my hon. Friends who have spoken so eloquently. I shall only mention my hon. Friends the Members for Blaydon (Mr Anderson), for Bishop Auckland (Helen Goodman), for Birmingham, Hall Green (Mr Godsiff), for Middlesbrough South and East Cleveland (Tom Blenkinsop), my right hon. Friend the Member for Oldham West and Royton (Mr Meacher), my hon. Friends the Members for Islwyn (Chris Evans) and for Glasgow North East (Mr Bain) and my right hon. Friend the Member for Coatbridge, Chryston and Bellshill (Mr Clarke), who explained with passion and determination how the pain being experienced in their constituencies was but inadequately matched by the dry, outdated ideological dogma of too many on the Government Benches. *[Interruption.]* Yes, and we see it again this evening.

One week ago, the Chancellor came among us neither cowed nor humbled, and although his policies were discredited, he delivered a lecture and a series of ad hoc announcements but no proper plan for growth. Rather, he seems to think that if he talks about it, it will happen. But what we needed from him last week was a proper plan B. We need a short-term plan to kick-start the economy and create jobs such as—now let me think—Labour's five-point plan for jobs and growth: a tax on bank bonuses to fund up to 100,000 jobs for young people; genuine long-term investment in infrastructure such as roads and schools; a temporary VAT cut giving families with children a boost of about £450 a year—*[Interruption.]* Government Members may laugh but that is a lot of money in my constituency. The plan also includes a year-long cut in VAT to 5% on home improvements and repairs to help small business; and tax breaks for small businesses to take on extra workers. It is a very good plan.

As well as a short-term kick-start, however, we need a long-term strategy, a vision for the future of the economy. On "Newsnight" on the evening of the autumn statement, Lord Heseltine claimed that it was the beginning of an industrial policy. I fear that he might have to explain to the Chancellor what an industrial policy is. Indeed, he should probably explain what an industry is—and, while he is at it, perhaps he should explain that to the Business Secretary too. Both are ideologically opposed to using active government to ensure that industry has the environment it needs to flourish. Both fail to recognise that we need a long-term vision for an economy that is competitive, resilient and fair, and that we need strategies to promote those sectors in which we have a competitive advantage and where businesses pursue long-term, inclusive and socially responsive strategies for the good of themselves and the rest of us.

Let us look at how the key drivers of our economy are doing under this Government. Lee Hopley, the chief executive of a manufacturing employers group, says that

"short-term confidence has all but fallen away".

That is why this week the manufacturing sector cut its growth forecast to 0.9%, down from 2.2% just three months ago. And still the Government talk about a manufacturing-led export-driven recovery! Today the Deputy Prime Minister was busy announcing an extra round of the regional growth fund. We support its aims; in fact, they are similar to those of the regional development agencies, except that its fund is only half what theirs was, and it is controlled from Whitehall, not the regions, where it belongs. As of today, just a quarter of the successful bidders in round one have received their money. There can be no better example of the Government's inept and out-of-touch approach to regional growth.

Let us look at higher education. Universities—the centres of knowledge and ideas—should be the drivers of both growth and social mobility. In 2009, the sector contributed £7.9 billion to the economy. In 2008, the higher education sector created almost 700,000 jobs. It is our seventh largest export industry, but almost exactly a year ago this Government pushed through the most damaging and disruptive changes to the higher education system, tripling tuition fees and then changing the rules after universities had set their fees. At the same time, the Government introduced changes to student visas that, in effect, tell the world: "Britain is closed". All this is hugely damaging to universities and students.

So what about innovation, the "engine of growth", as the Business Secretary likes to call it? The Chancellor likes to say that he is protecting science, but research from the Library shows that the science budget is being cut by 15%. If this Government truly believed in putting science at the heart of the innovation economy, they would protect our position as one of the world's leading science nations. Indeed, a recent report from the Department for Business, Innovation and Skills says that our position is at risk because of this Government's lack of investment. It is true that yesterday the Government produced a life sciences strategy, but why has it taken them 18 months to produce a plan for one sector? Eighteen months and we still do not have a plan for innovation. That is because this is a "stand on the sidelines" Government, letting companies, industries and whole sectors fail in the absence of action.

Today the shadow Chancellor of the Exchequer said:

"The argument is whether it is better to be borrowing billions more to keep people out of work on benefits or whether action now to get our economy moving will get more people into work paying tax and help to get the deficit down in a fairer way."

In March, the Chancellor ended his Budget statement —he may remember this—by saying:

"We want the words: 'Made in Britain', 'Created in Britain', 'Designed in Britain' and 'Invented in Britain' to drive our nation forward".—[*Official Report*, 23 March 2011; Vol. 525, c. 966.]

Wanting is not enough, however. The Government need to act. There are millions up and down the country who want to drive our nation forwards by making and

[Chi Onwurah]

building things. Instead, they find themselves chasing far too few jobs with far too many others. There are hundreds and thousands of young people—young men and women—who want to learn the skills to make and build things, but instead are consigned to a life without education or employment. For how long will this Government continue to pursue a bankrupt ideological vision in the face of every economic indicator and so many broken lives? The Chancellor of the Exchequer is capable only of driving our nation forward into year after year of rising unemployment, flat growth and higher borrowing. We ask—we demand—that he change course.

9.50 pm

The Parliamentary Under-Secretary of State for Business, Innovation and Skills (Mr Edward Davey): I do not think anyone doubts the serious economic challenges facing the UK, Europe and the wider world. The serious tone of today's debate reflects that. So it is important in such a crucial debate that we can agree on the economic and financial figures and forecasts, not least because in the past, Parliament, commentators and the markets have questioned Governments' forecasts. In the past, Governments jealously guarded control of the forecasts and used that control to tweak, fiddle and fix the figures. As we can read in the previous Chancellor's memoirs, the pressure to fiddle the figures is never greater than in the tough times. By giving responsibility for forecasts to the Office for Budget Responsibility, this Government have changed all that. The OBR figures are independent; the OBR figures tell it straight; so these figures command respect. I challenge Labour Members to say so now if they do not accept the OBR's figures.

Mr Geoffrey Robinson (Coventry North West) (Lab): It is not a question of not accepting the integrity of the Office for Budget Responsibility. The question is the reliability of the figures stemming from the credibility of the organisation. Why does it get everything so wrong all the time? Is it not up to the job? Does it have a lack of expertise, or is it just that it is being asked to fix figures that have no meaning in the real world?

Mr Davey: Given that that comes from a former Treasury Minister in a Government who often got their figures wrong, I do not think that the OBR needs to listen to that. It is absolutely clear that the Labour party is taking the OBR's figures seriously. It is significant that we can at last have a debate without the numbers being the issue—without the spin and the game playing that so debased the House's deliberations in the past. The Labour party's acceptance—grudging or otherwise—of our or the OBR's forecasts presents Labour Members with a problem. Why do they not accept the underlying explanation of the OBR's forecasts?

This House has heard that the OBR's forecasts changed not because the Government's policy has gone wrong, but because of three reasons outside this Government's control: imported inflation, with higher oil and commodity prices; the huge uncertainty caused by problems in the eurozone; and, finally, the boom and bust that Labour once arrogantly told us they had abolished, which was worse under Labour than anyone had previously thought. The Labour party has to face up to this reality, yet the shadow Chancellor did not. This Government have, and have made the difficult choices in doing so.

Our strategy of loose monetary policy and fiscal consolidation, backed with some of the most ambitious supply-side reforms in generations, was not just right when we first announced it after the election; it is right now. Indeed, recent events have given even stronger confirmation that it is right. That is why, despite the changed forecast, our interest rates remain so low while countries all around us have seen their credit rating slashed, downgraded or put on negative watch. The markets have shown their confidence in the UK with the interest on our debt falling to historic lows.

In what was probably the most remarkable part of today's debate, the shadow Chancellor was astonishingly dismissive of the low interest rates and our achievements. Never mind that Italy and Spain have seen their rates shoot above 6% while ours have fallen towards 2%; never mind the benefit to mortgage holders, businesses and taxpayers of that achievement. The shadow Chancellor seems to believe that the UK is in a liquidity trap—despite the fact that we have a credible central bank, despite the fact that quantitative easing has been judged effective and despite the major credit easing announced in the autumn statement. In the early 1930s, ahead of Keynesian rearmament, a monetary expansion with low rates combined with fiscal consolidation produced a significant recovery. Is that not the lesson from history that the shadow Chancellor simply has not learned?

Of course, we could have opted for another growth policy—some call it plan B—involving unfunded tax cuts, more borrowing and more spending. The details of that are never clear, but the consequences are higher interest rates. *[Interruption.]* Labour positions itself as the party of high interest rates, although a 1% rise in market interest rates adds £10 billion to mortgage bills—meaning that the average family with a mortgage will pay £1,000 more—and increases business rates by £7 billion and taxpayers' costs by £21 billion. That would be the price of Labour government. *[Interruption.]*

I have looked around Europe for Governments or mainstream political parties that have opted for a policy such as plan B, but they are in short supply. Other Governments are now having to address their budget deficits—*[Interruption.]*

Mr Speaker: Order. Far too many private conversations are taking place in the Chamber. Let us hear the Minister.

Mr Davey: Other Governments, faced with rising interest rates on their debts, are now having to address their budget deficits. Often they are having to cut deeper than us. It is true that our deficit reduction, at 3.7% of GDP over the next four years, is the third highest in the G7. After all, in 2007 our structural deficit was the highest in the G7. Yet Italy is now making much deeper cuts, and France too is planning deeper cuts. Our deficit reduction is of course significantly less than that of Greece, Ireland, Portugal or Spain, so we will not be opting for plan B as suggested by the Labour party.

We heard many excellent speeches from Members in all parts of the House. I particularly commend those of my hon. Friend the Member for Chichester (Mr Tyrie) and of the hon. the Members for Skipton and Ripon (Julian Smith) and for Newton Abbot (Anne Marie

Morris), all of whom referred to the importance of the supply-side reforms. The hon. Member for Skipton and Ripon mentioned the important employment law reforms which, I believe, will make a big difference to our efforts to return people to work, and the hon. Member for Newton Abbot spoke of the importance of ensuring that regulation was cut for micro-businesses. I can tell the hon. Lady that we are achieving that now, even at European level.

We also heard good speeches on the importance of infrastructure investment from the hon. Members for Folkestone and Hythe (Damian Collins), for Ochil and South Perthshire (Gordon Banks) and for Scunthorpe (Nic Dakin), and from the former Chancellor of the Exchequer, the right hon. Member for Edinburgh South West (Mr Darling). The significance of the infrastructure plans that we announced in the autumn statement is that they are well advanced, and some are even shovel-ready, so the problems that the shadow Chancellor worried about do not pertain.

This was an important debate. For once, it was not about the figures in the economic forecasts and the Budget questions. Thanks to the innovation of the Office for Budget Responsibility, it focused largely on analysis—although at times the analysis presented by the shadow Chancellor was more theoretical than academic—and it sharpened the differences between the coalition and the Opposition. While the Government are focused on keeping interest rates low, Labour's priority is to spend and borrow more. While this Government—

Mr Alan Campbell (Tynemouth) (Lab) *claimed to move the Closure (Standing Order No. 36).*

Mr Speaker: The Question is, That the Question be now put. *[Interruption.]* I think the Ayes have it. *[Interruption.]* Order. Hon. Members must calm themselves; it will be injurious to their health otherwise. The Question is, That the Question be now put. *[Interruption.]* It is simply a case of putting the Question. I will try once more. The Question is, That the Question be now put. I think the Ayes have it.

Question accordingly put, That this House has considered the matter of the economy.

The House divided: Ayes 79, Noes 213.

Division No. 408] **[9.59 pm**

AYES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Alexander, rh Danny
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Beith, rh Sir Alan
Blackman, Bob
Bradley, Karen
Bruce, Fiona
Burley, Mr Aidan
Carmichael, rh Mr Alistair
Cash, Mr William
Clark, rh Greg
Coffey, Dr Thérèse
Collins, Damian
Crockart, Mike
Davey, Mr Edward
Davies, David T. C. *(Monmouth)*
Davies, Glyn
Davies, Philip
Dorrell, rh Mr Stephen
Dunne, Mr Philip
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Evans, Graham
Farron, Tim
Francois, rh Mr Mark
Fuller, Richard
Gauke, Mr David
George, Andrew
Gilbert, Stephen
Hancock, Matthew
Hands, Greg
Harris, Rebecca
Harvey, Nick
Haselhurst, rh Sir Alan
Heaton-Harris, Chris
Hinds, Damian
Hollingbery, George
Hollobone, Mr Philip
Jackson, Mr Stewart
Javid, Sajid
Jenkin, Mr Bernard
Johnson, Gareth
Jones, Andrew
Knight, rh Mr Greg
Lamb, Norman
Leigh, Mr Edward
Mills, Nigel
Moore, rh Michael
Morris, David
Mosley, Stephen
Mulholland, Greg
Munt, Tessa
Murrison, Dr Andrew
Ollerenshaw, Eric
Osborne, rh Mr George
Percy, Andrew
Perry, Claire
Prisk, Mr Mark
Redwood, rh Mr John
Reid, Mr Alan
Rogerson, Dan
Ruffley, Mr David
Russell, Bob
Rutley, David
Selous, Andrew
Skidmore, Chris
Smith, Miss Chloe
Stanley, rh Sir John
Stevenson, John
Stunell, Andrew
Tyrie, Mr Andrew
Vickers, Martin
Watkinson, Angela
Williams, Stephen
Wright, Simon

Tellers for the Ayes:
James Duddridge and Mr Shailesh Vara

NOES

Abbott, Ms Diane
Abrahams, Debbie
Ainsworth, rh Mr Bob
Alexander, Heidi
Ali, Rushanara
Allen, Mr Graham
Anderson, Mr David
Austin, Ian
Bailey, Mr Adrian
Bain, Mr William
Balls, rh Ed
Banks, Gordon
Barron, rh Mr Kevin
Beckett, rh Margaret
Begg, Dame Anne
Benn, rh Hilary
Benton, Mr Joe
Berger, Luciana
Betts, Mr Clive
Blackman-Woods, Roberta
Blears, rh Hazel
Blenkinsop, Tom
Blomfield, Paul
Blunkett, rh Mr David
Bradshaw, rh Mr Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr Nicholas
Brown, Mr Russell
Buck, Ms Karen
Burnham, rh Andy
Byrne, rh Mr Liam
Campbell, Mr Alan
Campbell, Mr Ronnie
Caton, Martin
Chapman, Mrs Jenny
Clark, Katy
Clarke, rh Mr Tom
Clwyd, rh Ann
Coaker, Vernon
Coffey, Ann
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Crausby, Mr David
Creagh, Mary
Creasy, Stella
Cruddas, Jon
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Curran, Margaret
Dakin, Nic
Danczuk, Simon
Darling, rh Mr Alistair
David, Mr Wayne
De Piero, Gloria
Denham, rh Mr John
Dobbin, Jim
Dobson, rh Frank
Docherty, Thomas
Dodds, rh Mr Nigel
Donohoe, Mr Brian H.
Doran, Mr Frank
Dowd, Jim
Doyle, Gemma
Dromey, Jack
Dugher, Michael
Durkan, Mark
Eagle, Ms Angela
Eagle, Maria
Efford, Clive
Elliott, Julie
Elman, Mrs Louise
Engel, Natascha
Esterson, Bill
Evans, Chris
Flello, Robert
Flint, rh Caroline
Flynn, Paul
Fovargue, Yvonne
Francis, Dr Hywel
Gapes, Mike
Gilmore, Sheila
Glass, Pat
Glindon, Mrs Mary
Godsiff, Mr Roger
Goggins, rh Paul
Goodman, Helen
Greatrex, Tom
Green, Kate

Greenwood, Lilian
Griffith, Nia
Hamilton, Mr David
Hanson, rh Mr David
Harman, rh Ms Harriet
Havard, Mr Dai
Healey, rh John
Hendrick, Mark
Hermon, Lady
Heyes, David
Hillier, Meg
Hilling, Julie
Hodge, rh Margaret
Hodgson, Mrs Sharon
Hoey, Kate
Hopkins, Kelvin
Hosie, Stewart
Howarth, rh Mr George
Hunt, Tristram
Irranca-Davies, Huw
Jamieson, Cathy
Jarvis, Dan
Johnson, rh Alan
Johnson, Diana
Jones, Graham
Jones, Helen
Jones, Susan Elan
Jowell, rh Tessa
Keeley, Barbara
Kendall, Liz
Khan, rh Sadiq
Lammy, rh Mr David
Lavery, Ian
Lazarowicz, Mark
Leslie, Chris
Lewis, Mr Ivan
Long, Naomi
Love, Mr Andrew
MacNeil, Mr Angus Brendan
Mactaggart, Fiona
Mahmood, Shabana
Marsden, Mr Gordon
McClymont, Gregg
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr Pat
McGovern, Jim
McGuire, rh Mrs Anne
McKechin, Ann
McKenzie, Mr Iain
McKinnell, Catherine
Meacher, rh Mr Michael
Mearns, Ian
Michael, rh Alun
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Mitchell, Austin
Moon, Mrs Madeleine
Morden, Jessica
Morrice, Graeme *(Livingston)*
Morris, Grahame M. *(Easington)*
Mudie, Mr George
Munn, Meg
Murphy, rh Mr Jim
Murphy, rh Paul
Murray, Ian
Nandy, Lisa
Nash, Pamela
O'Donnell, Fiona
Onwurah, Chi
Osborne, Sandra
Owen, Albert
Pearce, Teresa
Perkins, Toby
Pound, Stephen
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reeves, Rachel
Reynolds, Emma
Reynolds, Jonathan
Riordan, Mrs Linda
Ritchie, Ms Margaret
Robertson, John
Robinson, Mr Geoffrey
Rotheram, Steve
Roy, Lindsay
Ruane, Chris
Ruddock, rh Joan
Seabeck, Alison
Shannon, Jim
Sheerman, Mr Barry
Sheridan, Jim
Shuker, Gavin
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew
Smith, Angela
Smith, Nick
Smith, Owen
Spellar, rh Mr John
Straw, rh Mr Jack
Stuart, Ms Gisela
Tami, Mark
Thomas, Mr Gareth
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Stephen
Umunna, Mr Chuka
Vaz, rh Keith
Vaz, Valerie
Whiteford, Dr Eilidh
Whitehead, Dr Alan
Williamson, Chris
Wilson, Sammy
Winnick, Mr David
Winterton, rh Ms Rosie
Wishart, Pete
Wood, Mike
Wright, David
Wright, Mr Iain

Tellers for the Noes:
Phil Wilson and Jonathan Ashworth

Question accordingly negatived.

The Comptroller of Her Majesty's Household (Mr Alistair Carmichael): On a point of order, Mr Speaker. I seek your guidance. Is there any means by which tomorrow's record can record that the sort of meaningless gesture that we have just seen is as good as it gets?

Mr Speaker: That, I think, was a case of either a point of frustration or, as the right hon. Gentleman has a smiling countenance, him getting his point on the record.

Ed Balls (Morley and Outwood) (Lab/Co-op): On a point of order, Mr Speaker. Given that the motion before the House today was on whether there has been a sufficient debate on the economy, given the failure of plan A, given the £158 billion of extra borrowing, given rising unemployment, and given the view of the House that more time is needed for this debate, could you advise on whether the will of the House could be expressed and there could be more time to debate the very important issues facing this House and the country?

Mr Speaker: I am grateful to the right hon. Gentleman. The allocation of time for parliamentary debates is not a matter for the Chair, but the right hon. Gentleman has recorded his view, as has the Deputy Chief Whip.

Dr Thérèse Coffey (Suffolk Coastal) (Con): Further to that point of order, Mr Speaker. I seek your advice. Is it fair to say that anyone who has spoken in the debate and then voted against the motion is actually misleading the House by saying that it has not considered the motion?

Mr Speaker: The very simple answer to the hon. Lady is that the House has not been misled in any way. Nothing disorderly—*[Interruption.]* Order. I have just made the point, which brooks no contradiction, that the House has not been misled in any way. Nothing disorderly has taken place. The vote is what the vote is; it is not for me to interpret. Other hon. and right hon. Members and people outside the House are free to do so as they wish.

Andrew Miller (Ellesmere Port and Neston) (Lab): On a point of order, Mr Speaker.

Mr Speaker: I hope it is a different and unrelated point of order.

Andrew Miller: Mr Speaker, by a majority of 134, the House has determined that this House has not considered the matter of the economy. Have you heard from the Government Front Bench whether the Government intend to allocate more time to ensure that the House does consider the economy properly?

Mr Speaker: No.

Business without Debate

DELEGATED LEGISLATION

Motion made, and Question put forthwith (Standing Order 118(6)).

Transport

That the draft Renewable Transport Fuel Obligations (Amendment) Order 2011, which was laid before this House on 14 November, be approved.—(*Greg Hands.*)

Question agreed to.

Mr Speaker: With the leave of the House, motions 4 and 5 will be taken together.

BUSINESS OF THE HOUSE

Ordered,

That at the sitting on Tuesday 13 December paragraph (2) of Standing Order No. 31 (Questions on amendments) shall apply to the Motion in the name of Mr Nigel Dodds as if the day were an Opposition Day; proceedings on the Motion may continue, though opposed, for three hours and shall then lapse if not previously disposed of; and Standing Order No. 41A (Deferred divisions) shall not apply.—(*Greg Hands.*)

Ordered,

That at the sitting on Wednesday 14 December paragraph (2) of Standing Order No. 31 (Questions on amendments) shall apply to the Motion in the name of Edward Miliband as if the day were an Opposition Day; proceedings on the Motion may continue, though opposed, for three hours and shall then lapse if not previously disposed of; and Standing Order No. 41A (Deferred divisions) shall not apply.—(*Greg Hands.*)

DELEGATED LEGISLATION (COMMITTEES)

Ordered,

That the draft Daventry (Electoral Changes) Order 2012, be referred to a Delegated Legislation Committee.—(*Greg Hands.*)

Short-life Homes (Lambeth)

Motion made, and Question proposed, That this House do now adjourn.—*(Greg Hands.*

10.17 pm

Kate Hoey (Vauxhall) (Lab) *rose—[Interruption.]*

Mr Speaker: Order. I appeal to hon. and right hon. Members who, for whatever reason, quite unaccountably, are leaving the Chamber to do so quickly and quietly so that the hon. Member for Vauxhall is afforded the same courtesy for her Adjournment debate as they would want for theirs.

Kate Hoey: Thank you very much for those words, Mr Speaker, although I do not think the House will stay full for much longer.

It is with a great deal of sadness that I hold this Adjournment debate, but it is important that the House understands what is happening just over the river in Lambeth in terms of short-life housing disposals. If there were any kind of legislation on wording, using the description "short-life" would almost be in breach of it, because the homes are not short life in the sense that people have lived in them for only a few months. Many of the people I shall refer to will have been in their homes for 30 years or more—most of them for between 15 and 25 years.

There is a history in Lambeth. Short-life housing co-ops were formed in about 1980 to make use of Lambeth council properties that were in too bad a condition to let normally, but that Lambeth could not afford to repair to a lettable standard. Housing co-operatives were given licences to use those properties, usually by a secondary agency, typically a housing association. Initially, short-life meant short-life, six months being the normal period, but owing to Lambeth's general mismanagement and policies that seemed to change every 10 years, many people have been in their homes for more than 30 years. One resident, Steve Drake, who lives in Nealden street in a co-op, has been there now for 31 years.

Through the mid and late 1980s and into the 1990s many housing co-ops became established as the properties that they managed became more long term. As I said, the phrase "short-life" became a misnomer. There were various schemes involving many properties attracting some limited funding via schemes such as Mini-HAG, which was mini housing association grants administered by the then Housing Corporation. That finished in about 2000. Housing co-ops needed an income to pay for the maintenance of the properties that they managed and the day-to-day running of the co-op, so co-op members paid rent, the amount agreed by members of each individual co-op.

Throughout that 30-year history of housing co-ops, Lambeth has changed its policy at various times, thought about recalling the short-life properties and threatened evictions at various times, but as recently as 1997, which does not seem such a long time ago, Mr Drake got a letter from the then chair of housing, Labour's housing spokesperson in Lambeth, saying:

"I write to you further to your letter of 29 June 1997, to update you on the situation regarding shortlife housing.

I am pleased to say that at the last Housing Committee meeting at the beginning of September, we succeeded in persuading the other parties to back our proposals for proper negotiations

[Kate Hoey]

with the shortlife housing co-ops. I am sure that ... the Lambeth Federation of Housing Co-ops has been in touch with you ... and I hope that as a result of this work, it will be possible to come to an agreement which allows the current residents to stay in their homes."

That was from Tom Franklin, who was then the councillor in charge.

Shortly after that, the council seemed to change its policy. It did not seem to make much difference whether it was a Labour council, a coalition council or a hung council. The policy got into one of those files that seem to sit around local authorities, and for many years the residents had no idea what was happening, but they carried on with their co-ops, some of which were very successful. The Short Stock housing co-op—I have named the person who has been leading that, Steve Drake—has been going extremely well, and is part of the Lambeth Self Help scheme that involved buying Short Stock's properties with tenants in situ. The plan was that the very large property would be worked on and could be sold, but that everybody would be allowed to stay in their houses and renovate them. The people in Nealden street and in Morat street have stayed on. During that time Lambeth had 100% nomination rights to any vacancies that came up.

Last year Lambeth Self Help was approached by Lambeth council. It submitted a plan, which the council wanted revised, given the change in central Government policy on social housing rents. The plan was resubmitted and rejected, then re-submitted and rejected again. Finally, Lambeth changed its policy in the summer and now wants to sell off all the remaining properties housing families of different sizes—there are roughly 150 of them—and the council wants to do a deal. It originally wanted to do a deal with Hyde Housing. Hyde Housing had come to an arrangement whereby some of those residents would be able to stay in their homes when they were bought.

That fell through because Lambeth did not think it was getting enough money. It has been in negotiation with Notting Hill Housing, which is making clear its opinion that it is doing Lambeth a favour. It will buy the properties and immediately put 80% of them on the open market, leaving 20% as affordable houses in Lambeth. I can understand that, as there is a shortage of capital, although Lambeth has not said that that money will go into housing. It has said that some of the money—we do not know how much—will go towards reducing the shortage of school places in the constituency of my hon. Friend the Member for Streatham (Mr Umunna). If there is money going out of housing to the council, it should come back into Lambeth to be used for housing, as there is a huge waiting list.

In the meantime, the council has said that it wants vacant possession, and every property must be empty by the time the deal goes through with Notting Hill Housing. Notting Hill Housing told me that it might have been prepared to consider taking on some of the residents who were adequately housed and in social need, but Lambeth council said that it wanted to give them with vacant possession, and Notting Hill Housing then said that it would take the properties only with vacant possession.

Lambeth's legal firm, Devonshires, which must be making a fortune out of this, is now going to the courts in Lambeth or Wandsworth week after week to try to get the long-term residents evicted. On almost every occasion the courts have said, "Hang on, we haven't got all the facts and we want to know more." A number of cases have been postponed over and over again, costing Lambeth huge amounts of money each time. Many of the properties are in a really good state. There is absolutely no reason why they could not be kept by the council or, if they go to Notting Hill Housing, left with the current residents, who have maintained them to a high standard for over 20 years.

I simply do not understand how a housing association can get away with spending a lot of money buying up properties from a local authority that has tenants who need housing and then planning to sell off 80% of them. They are not trading organisations. I thought that the point of a housing association was to provide housing. I find Notting Hill Housing's attitude very strange. If it is doing this as a favour to Lambeth, I do not think that it is much of a favour to the people living in the properties. The most recent communication I received from Notting Hill Housing on 30 November indicated that it was

"clear that the properties will be sold to us with vacant possession. That means that the Council will evict all the current residents. We will then refurbish 20 per cent, and will sell up to 80 per cent of them. This is the assumption so that we can give the Council the kind of receipt they require. I know this is distressing for many of the residents who have lived here for many years but I understand the council will rehouse everyone".

Of course they will get an offer from the council.

I want to give some examples of the people who live in the properties and how they have been involved for many years in the local community, in campaigning organisations and in all the things that are so important to an inner-city area. The Cope family live at 26b Stockwell Park road. Indeed, some hon. Members live around that area, which is probably one of the most expensive in my constituency. Another long-term resident lives next to them, at 24b. The family have been in a short-life residence there since 1987, originally part of the Ekarro housing co-operative, which became a different housing co-op, and finally they ended up with South London Family Housing Association, which was later taken over by Amicus, which was when the licence was withdrawn from the housing association. The family have done all the repairs in the house and managed to prevent the ground-floor flat next door, which was owned by Lambeth council and had been empty for years, being squatted by what I call real squatters—I am not opposed to the squatting of long-term empty houses in some cases. The family have done all the work on that house but are now being told that they must move out, which will probably mean the loss of the last two or three remaining houses in affordable social housing in the middle of one of the most expensive areas.

The Cope family is very much part of the community, and all the residents of the Stockwell Park residents association have signed a letter stating that they want the family to remain. It just does not make common sense, because they will be moved into another Lambeth property that someone on a waiting list might have their eye on, and at the same time the family might be moved out of their community to somewhere many miles away from where their children go to school—and for what purpose? In the end the property will either go back to another tenant, if it happens to be in the 20% that Notting Hill keeps, or it will be sold on the open market.

Just up the road, literally four houses up, 20 Stockwell Park road was one of those short-life properties. The resident was evicted—taken away, asked to get out—a few years ago; the property was squatted; Lambeth got rid of the squatters and re-did the place with new bathrooms and kitchens in two of the flats; three weeks later it was squatted again; and the squatters in one flat have not been removed. So, the council has spent a lot of money on its own property, allowed it to be squatted by people with no housing need and, at the same time, is trying to get rid of people who do have housing need.

The Clapham North Housing Co-operative is a very active co-op, with a substantial number of properties—19 homes—on which people still pay rent, and Lambeth could have negotiated with it. The negotiations started, stopped and then Lambeth changed its mind, so now, despite saying at the bottom of every letter that it is a co-op council, it is getting rid of co-ops. I speak as someone with many co-ops in the north of my borough and in Bishop's ward, such as the Coin Street housing co-operatives, and I have seen the value of co-ops and how they link people with their community.

We have some terrible individual cases. Heidi Usher, of 12 Thorpe Park road, has been there for many years. She has been adequately housed, with four children in her home, which she has kept beautifully, having done all the work herself, but she is now being taken to court. Fortunately, yesterday when she went to court, the magistrate said, "This is ridiculous, this needs more than an hour. I need at least a day," and has deferred the case until 28 February. So, every case is being put back, and that gives the Minister an opportunity to intervene and do something that would give those people hope, because it does not make common sense.

I want to ask the Minister some questions that he might or might not be able to answer. Many of these issues have occurred because of the local authority's inadequacy and incompetence over many years, for which we can blame many people, but at the end of the day the people who are suffering are the residents, whose fault it is not. The cost of all those legal cases could have adequately brought some of the homes up to the decent homes standard.

On the decent homes standard, when I visit those residents I feel that they are living in a decent home, as they do. It may not tick the box, because the kitchen may not be exactly like the modern kitchen that represents supposedly the decent homes standard, but, if they are happy there and adequately housed, why is the decent homes standard used as a reason to move them out?

Does the Minister share my view on what his Department could do to ensure that families are able to stay in their homes of many years? Surely the Government must have some say in the matter, because Lambeth will get Government housing money, as will Notting Hill Housing association. I should like an assurance that he understands Notting Hill Housing to be conducting the process properly, because I have concerns. about how it is doing so.

Some time ago, Lambeth offered many residents the right to buy, albeit at absolutely open-market prices, but some struggled to do so because it was their home. Will they be considered under the Government's new policies on the right to buy at less than market value? That could be a solution.

If Notting Hill Housing buys that group of properties, can the Government do anything to stop it immediately selling off 80% of them? It seems absolutely scandalous that it can spend public money buying properties and immediately sell them.

Can the Government insist on Lambeth council and Notting Hill Housing allowing those sitting tenants and residents who are adequately housed and meet the criteria to remain tenants of the association, rather than being moved somewhere else to move in somebody who has lived in Lambeth for only a couple of years? That would at least be a fair way of looking at the issue.

Does the Minister understand the anger and misery that is being caused by a policy of moving people out of their homes of over 20 years just so that at some time in the future they will be let to new tenants? Given that there are already very well-established co-ops in other parts of the borough, will he encourage Lambeth to incorporate those that are working adequately into some kind of system that would allow those people to stay? Most of all, does the Minister think that a local authority such as Lambeth could show a little more imagination? Of course we know that there is a shortage of money everywhere, but money from the Government has been stopped and we need to get some of that investment back.

Lambeth has improved its housing management. My previous housing Adjournment debate was also about Lambeth, and I have to say that things have improved since then. Lib Peck, who is the cabinet member for housing, has done a sterling job and has bought into the whole idea of this being the only way to protect the investment. However, the council's policy is misguided and has been built on many years of mismanagement and neglect. As I said, there are many people to blame for this, but they are not the residents.

This is a complicated situation that is somewhat historical and almost unique to Lambeth, but sometimes in such cases, where there is clear injustice, we must find a way to stop it happening. I hope that the Minister will, at the very least, offer to meet me and a group of co-op residents from across the borough so that we can explain how unjust this is, because in such a short time I have not been able to go into much depth. Not a single ordinary person would read through all the dossiers and meet these people and not say at the end of it, "This does not make common sense in 2011."

10.37 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Andrew Stunell): I congratulate the hon. Member for Vauxhall (Kate Hoey) on securing this debate and on the diligent work that she has done in support of her constituents and residents. She spoke very eloquently.

This is the first time that the situation that the hon. Lady described has come to my attention. I understand that Lambeth has a proposal that is designed to dispose of properties to help to fund renovation, perhaps of those properties but certainly of other stock in the borough, some of which is being let for short-term tenancies. She described the confusing development of the phrase "short-term" to mean something quite different and gave illustrations of the very long length of tenancies

[Andrew Stunell]

that some people have had in these properties. I want to make it clear that I am working from the description that she has given. I do not have first-hand information, and the Department has not been formally notified by Lambeth, or anybody else, of any transactions taking place.

The House will know that the Government fully understand the need for a radical and comprehensive approach to housing. That is why we published our housing strategy for England last week. That strategy covers a broad range of housing topics, including social housing, the reuse of empty housing, and a number of other factors of which I am sure that the hon. Lady is well aware. I want to stress that it is for the London borough of Lambeth to decide its own strategic approach to its housing, and not for Government to comment on it. Speaking in this debate as a member of the Government, I have to stick strictly to that rule. In the privacy of the Members' coffee room, I might say something else. The reality is that the Government's job is to provide the strategic approach to housing policy and it is for the London borough of Lambeth to decide its approach to its housing. Of course, the Government want all local authorities to adopt the effective management of assets, including in their disposal of stock and reinvestment.

To go back, perhaps I should say that the basic assumption is that local authorities will plan for holding or redeveloping all their council stock. Clearly, the right to buy entitles tenants to purchase properties. The hon. Lady asked whether the right to buy would apply to these particular tenants. The nub of that issue is that it depends on the nature of their tenancy agreement. If they have a standard council tenancy, which it seems they may not have from her words, they would be entitled to exercise their right to buy. Otherwise, they would not have a statutory right to buy.

As well as tenants buying stock, councils can engage in partial or whole stock transfers, but those require the consent of the Government. There can be no question of wholesale disposals without the need for some consent or approval. Similarly, housing associations registered with the Tenant Services Authority need consent to dispose of their properties. I want to reassure the hon. Lady that in this system, there is a strong degree of control over what happens to social housing stock.

Kate Hoey: Does that mean that if this sale was going through, the Secretary of State would have to agree to it?

Andrew Stunell: I certainly want to cover that point. There is a regime known as general consents, which means that if certain preconditions are met, specific consent over a particular transaction is not required. The key point is that money arising from such disposals must be reinvested in affordable housing or regeneration. That would be within the general consent. Use of the money elsewhere would not be suitable. The meaning of investment in affordable housing is perhaps self-evident, but regeneration has a technical meaning. It means projects or activities on land where the land is

"vacant, unused, underused, ineffectively used, contaminated or derelict"

and where

"the works or activities are carried out in order to secure that the land or the building will be brought into effective use".

The hon. Lady has mentioned the possibility—obviously I have only her words to go on—that it was proposed to provide more school places with some of this money. It would be a matter for examination whether that was a regeneration activity. If it was not, the expenditure of the money from this projected sale would require specific consent from the Secretary of State. If it was regeneration, it would come within the general consent. I am happy to write to her to spell that out, because it is a complex area to get across in this debate.

The treatment of properties that are occupied by secure tenants is tightly controlled and it always requires specific consent, unless the disposal is to the occupant. In other words, if it is not a right-to-buy sale, a secure tenant's property cannot be transferred without specific consent. The nature of the tenancies that these constituents enjoy again depends on the intricacies of the story that the hon. Lady has presented to the House.

The Government do not have any intention of changing those arrangements. Of course we are keen to see run-down properties passed on to landlords who are able to invest in them while retaining them for social tenants. I have had the opportunity to announce to the House a £100 million fund for bringing such empty homes back into social and affordable use for social tenants. Those disposals can be to other bodies or individuals, and they could be covered by the general consents in the situation that I have previously outlined.

No application has been received in respect of the schemes that the hon. Lady has mentioned, and I cannot comment on what decision the Secretary of State might take unless one is submitted and there is a proper investigation into the circumstances by the Secretary of State.

The Government have put significant support into social housing in Lambeth. We have committed £18 million this year and next to bring homes up to a decent standard there, with a further £82 million provisionally allocated for the next two years, making a total of £100 million to be invested in Lambeth to bring its backlog of non-decent homes up to a decent standard. A significant amount of money is available to Lambeth from the Government to improve its homes, and she may want to consider encouraging the council to direct some of those resources to the homes that she has mentioned today.

London has been allocated 27% of the new affordable homes to be provided through the affordable homes programme. Combined with the existing commitments, that means that the target of 50,000 new affordable homes by 2012 set by the Mayor is very likely to be reached. I am not in a position today to say how many of those homes will be built in Lambeth, because that is subject to contracts, not all of which have been sold.

Lambeth currently has 25,000 council homes, and according to the housing strategy statistical appendix it has a waiting list of 23,000. In other words, there is an acute demand for social housing there. It is also true that Lambeth has an above-average number of empty social homes, or voids. In April, 4.1% of its stock was vacant compared with a national average

of 1.5%. According to the council tax database, Lambeth has 1,676 long-term empty homes, which are those empty for longer than six months.

The hon. Lady might like to consider the fact that given the £100 million that is being provided to Lambeth over the next four years for decent homes, given the investment that we are making in new and affordable homes and given Lambeth's higher than average number of empty homes and long-term empty homes—

10.48 pm

House adjourned without Question put (Standing Order No. 9(7)).

House of Commons

Wednesday 7 December 2011

The House met at half-past Eleven o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

INTERNATIONAL DEVELOPMENT

The Secretary of State was asked—

St Helena

1. **Bob Russell** (Colchester) (LD): What progress his Department has made on the proposals for an airport on St Helena. [85117]

The Secretary of State for International Development (Mr Andrew Mitchell): A contract has now been signed for the design, construction and operation of the new airport in St Helena. We expect it to open towards the end of 2015, in time for the 200th anniversary of Napoleon's exile to the island.

Bob Russell: I thank my right hon. Friend for that excellent news. I also thank my hon. Friend the Member for Milton Keynes North (Mark Lancaster), whose visit to the island helped to pave the way. Does the Secretary of State agree that the islanders will rejoice at this decision by the coalition Government, which contrasts with the failure of the last Labour Government who, at the last moment, cancelled the contract?

Mr Mitchell: My hon. Friend is right to say that this is the right decision. It underlines our commitment to the overseas territories—they are British. He is also right to tease the Opposition about the fact that they dilly-dallied over this decision for nearly 13 years.

Meg Munn (Sheffield, Heeley) (Lab/Co-op): I welcome the decision to go ahead with the airport, which I argued for long and hard, as the Secretary of State is aware. What does the decision to go ahead with the airport, which will ensure that the people of St Helena can stand on their own two feet, mean for the ship and for the continuing contact that is needed with the island? Will that be able to continue until 2015 and will extra repairs be needed?

Mr Mitchell: I acknowledge that the hon. Lady played a strenuous and forceful part in the decision today. She argued strongly for the airport when she was in government. The ship will be able to continue until the airport is largely able to take over its necessary role. She is right to underline the importance of this decision in getting the island off aid and off the British taxpayers' books, and looking after itself.

Moldova

2. **Alun Michael** (Cardiff South and Penarth) (Lab/Co-op): What assessment he has made of the development needs of the Republic of Moldova. [85118]

The Parliamentary Under-Secretary of State for International Development (Mr Stephen O'Brien): The Department for International Development's bilateral programme in Moldova came to a planned end in March 2011. Moldova has made progress in reducing poverty since it gained independence in 1991. It benefits from significant support from the international community. DFID continues to monitor development progress in Moldova through UK representation on the European neighbourhood programme management committee.

Alun Michael: On a visit to Moldova a while ago, we had the opportunity to go to Transnistria and to see the courage of the women working with non-governmental organisations to combat the scourge of people trafficking, which has implications for us and for the whole of Europe. What can the Minister tell us about the approach of the British Government, and will he do more to help those non-governmental organisations?

Mr O'Brien: I pay tribute to the right hon. Gentleman's continued interest and support through the all-party parliamentary group for Moldova. Although there are now formal talks to seek to resolve the protracted Transnistrian conflict, he is right to draw the House's attention to the continuing concern about trafficked women. He will know that across Government there is a series of initiatives focusing not only on identifying and supporting such women, but on stopping the sources of those who peddle this heinous practice.

Mr Gary Streeter (South West Devon) (Con): Will the Minister commend the work of the Westminster Foundation for Democracy in Moldova, both on a party-to-party basis and in parliamentary strengthening, particularly in the run-up to the presidential election on 16 December? Is not good governance the fastest way to tackle poverty?

Mr O'Brien: My hon. Friend is right to demonstrate, through the work of the Westminster Foundation for Democracy in Moldova, how important good governance is in alleviating poverty and in creating the conditions that all countries need to have the greatest possible opportunity for wealth creation and security. Of course, we all look forward to the Moldovan Parliament being able to elect a President soon, which will allow the Parliament to focus on the reform agenda that is necessary to bring Moldova closer to the EU. I am happy to pay tribute to the work of the WFD.

Global Health Fund

3. **Julie Hilling** (Bolton West) (Lab): What recent assessment he has made of the work of the global fund on HIV/AIDS, tuberculosis and malaria in developing countries. [85119]

The Secretary of State for International Development (Mr Andrew Mitchell): The multilateral aid review assessed the global fund as providing very good value for money,

but also concluded that it could do more to maximise its potential and impact in developing countries. We are working closely with it to ensure that that happens.

Julie Hilling: In view of the current concern about the global fund, will the Secretary of State clarify the UK's current and future financial commitment to the organisation?

Mr Mitchell: We have made it clear that we are willing, subject to the improvements that we have set out, to spend up to £1 billion by 2015. We are currently spending about £128 million a year on achieving very specific results under the global fund, and I am considering whether additional funding would be warranted. I shall make that decision on the basis of value for money for the British taxpayer.

Oliver Heald (North East Hertfordshire) (Con): Many of the 2,000 a day who die of malaria are children. Will the Secretary of State and his Department take a particular interest and show particular determination in tackling childhood mortality, particularly in developing countries? Will he extend that to rotavirus and the other conditions that kill so many children?

Mr Mitchell: My hon. Friend is absolutely right. It is a scandal that 25,000 children will die today, needlessly, of diseases that we have the power to prevent. Tackling child mortality is absolutely at the heart of the policies being pursued by the Government.

Mr Gregory Campbell (East Londonderry) (DUP): Will the global fund actively target the countries where the HIV problem is prevalent and worsening?

Mr Mitchell: My answer is yes. We will be working in the most difficult countries. The aim of the review currently being undertaken under the chairmanship of an excellent British official, Simon Bland of the global fund, is to ensure that over the next four years we save 10 million lives and prevent something like 180 million new AIDS, malaria and TB infections.

Andrew George (St Ives) (LD): Given that more than two thirds of TB and malaria programmes and more than half of all antiretroviral drugs are delivered through the global fund, what does the Secretary of State say about the crisis in the talks on that programme and its cancellation until 2014? What interim measures can be put in place?

Mr Mitchell: It is true that the 11th round has been converted into a new funding approach, but we will sign grants between now and 2013 of something like $10 billion, so long as we can ensure that our priorities of securing lower prices and good value for money, focusing on the poorest and most vulnerable and considering the longer-term sustainability of programmes, are met.

Tony Cunningham (Workington) (Lab): Given that the global fund contributes half of spending on HIV/AIDS, 80% of spending on malaria and 75% of spending on TB, what steps has the Secretary of State taken to ensure that all international donors play their part? Does he see any possibility that the global fund will start distributing resources before 2014?

Mr Mitchell: The hon. Gentleman is exactly right to focus on the importance of getting others to meet the commitments that Britain is meeting. I can tell him that I spend a lot of my time ensuring that that happens. We will disburse something like $10 billion before 2014 and, as I have said, we are looking to secure funding after that date so that these programmes continue and are sustainable.

Tax Evasion

4. **Diana Johnson** (Kingston upon Hull North) (Lab): What steps his Department is taking to support developing countries to deal with tax evasion. [85120]

The Parliamentary Under-Secretary of State for International Development (Mr Stephen O'Brien): The Department for International Development and Her Majesty's Revenue and Customs support developing country tax authorities in a range of reform and capacity-building projects to help them to collect the tax that they are owed. We particularly wish to promote developing countries' participation in international exchange of tax information, which is a powerful weapon against tax evasion.

Diana Johnson: Developing countries lose more money through tax dodgers than they receive in aid. Will the Minister explain exactly what was said at the G20 summit to get the issue moved up the agenda?

Mr O'Brien: The hon. Lady is absolutely right to say it is vital that we address uncollected tax, particularly in certain countries that have been identified. We are encouraging international partners to join in that, and our own Treasury has been very much in the lead. The G20 has agreed to the multilateral convention on mutual assistance in tax matters, and that is what it is now focusing on in trying to get an exchange of tax information, which will help us to support countries in collecting the tax that they are owed.

Bangladesh

5. **Eric Ollerenshaw** (Lancaster and Fleetwood) (Con): What recent assessment he has made of the priorities for development in Bangladesh. [85121]

The Secretary of State for International Development (Mr Andrew Mitchell): British development in Bangladesh promotes resilience to national disasters, gets girls into school, tackles maternal mortality and helps the Government to raise their own revenue through support for fair and transparent taxation. I plan to visit Bangladesh shortly to ensure that British taxpayers' money is well spent.

Eric Ollerenshaw: Having seen some of that work that the Secretary of State's Department is doing in Bangladesh, may I first congratulate him on it? More specifically, what help does he think his Department could provide, perhaps alongside other Departments, to ease the political logjam that seems to bedevil Bangladeshi society from top to bottom?

Mr Mitchell: My hon. Friend has seen for himself why the issue he raises is so important. A key part of our work is helping ordinary people to hold their political leaders to account, which we do through strengthening accountability and the Government's ability to raise

taxes, and through strengthening local media. I have recently given a significant accountability grant to the BBC World Service Trust to do just that.

Mr Russell Brown (Dumfries and Galloway) (Lab): Climate change is having a serious impact on food security and production in Bangladesh—the production of rice and wheat is forecast to fall by around a third by 2050. What additional resources or funding will be made available to help some of the poorest in the world, given the effect of climate change on their food production?

Mr Mitchell: The hon. Gentleman is entirely accurate about the effects of climate change on very vulnerable people in Bangladesh, where only a fairly small rise in the water level could wipe out hundreds of thousands of homes. We are directly involved in protecting 15 million vulnerable people from those effects of climate change, and we will continue—through, for example, the development of scuba rice, which grows in very difficult circumstances—to target malnutrition.

Climate Change Projects

6. **Toby Perkins** (Chesterfield) (Lab): What steps he plans to take to assess the value for money of aid expenditure on climate change projects. [85122]

The Parliamentary Under-Secretary of State for International Development (Mr Stephen O'Brien): Value for money is a process, not a one-off event. The value for money of climate change projects is assessed during design and appraisal, during implementation and, for a sample of completed projects, through evaluation.

Toby Perkins: It is vital at this time that we get absolute value for every penny we spend, but the Minister will be aware that 70% of CO_2 emissions come from developed countries, whereas the World Bank estimates that 80% of the damage will be suffered by the developing world. After the Durban climate change conference, what steps will be taken to ensure that new and additional clauses are not dropped from climate change financing?

Mr O'Brien: The hon. Gentleman is absolutely right to imply that the effects of climate change have a continually damaging effect on the poorest people of the world. Therefore, we hope that the discussions that have taken place in Durban will produce the success and the architecture that are required. However, there have been some announcements, particularly as part of Fast Start, to help people from developing countries around the world to adapt to the effects of climate change. That will be through the UN adaptation fund or the least-developed countries fund, and will be particularly for climate resilience programmes in both Ethiopia and Kenya. There is therefore a significant focus on the poorest.

Rushanara Ali (Bethnal Green and Bow) (Lab): With the Durban climate change conference coming to a close this week, will the Minister tell the House what impact he and his Department have had on shaping Britain's negotiating position, and whether the Government will live up to the commitment to help to fund the additional $100 billion needed for climate finance for developing countries?

Mr O'Brien: I thank the hon. Lady for drawing attention to that key aspect, but in focusing totally on results and achieving the genuinely transformational climate change effects that we want, this Government have absolutely stood by our promise to meet the requirements to fulfil the international climate fund—the responsibility is split between the Department for International Development, the Department of Energy and Climate Change, and the Department for Environment, Food and Rural Affairs. There has been a series of announcements. We are now two thirds of the way through the Fast Start commitment, so the answer is yes, our commitments are in place.

Equatorial Guinea

7. **Nadine Dorries** (Mid Bedfordshire) (Con): What estimate his Department has made of the number of people living in poverty in Equatorial Guinea. [85123]

The Secretary of State for International Development (Mr Andrew Mitchell): Although Equatorial Guinea has one of the highest per capita incomes in Africa, nearly 70% of the population live in deep poverty. Most of that per capita income goes to the President and his family and cronies.

Nadine Dorries: I declare an interest. My visit to Equatorial Guinea in the summer was paid for by the Equatorial Guinea Government.

The Secretary of State is quite right to say that one family control the wealth of Equatorial Guinea and are amassing an unimaginably vast fortune from drilling rights and oil revenue. Will he use his good offices to press upon the Obiang family the fact that the wealth of a nation belongs to its people, and that they should be using that money to alleviate poverty, particularly among children in Equatorial Guinea?

Mr Mitchell: My hon. Friend makes a very good point. She has been there and so is in a good position to speak out about what she has seen. I should say to her that we do not have any bilateral links with Equatorial Guinea, but she is right: it is a disgrace that its high level of oil wealth is stolen for the corrupt and personal use of an unaccountable and self-serving elite.

Martin Horwood (Cheltenham) (LD): The Secretary of State rightly draws attention to the risk of corruption in Equatorial Guinea. Is it not the kind of country that could benefit from the legislation that is currently being proposed at European level to make extractive companies publish what they pay in developing countries along the lines of the Dodd-Frank Act in the United States?

Mr Mitchell: My hon. Friend makes a very good point, although he, like me, will be sceptical about our ability to persuade a country to do that. We have, however, raised the issue of Equatorial Guinea's abusive human rights with the Human Rights Council in Geneva, in particular the lack of an independent judiciary, the use of torture and the death penalty and the constraints on the media.

Horn of Africa

8. **Mr Laurence Robertson** (Tewkesbury) (Con): What recent assessment he has made of the humanitarian situation in the horn of Africa; and if he will make a statement. [85124]

The Secretary of State for International Development (Mr Andrew Mitchell): In spite of significant British-led support, the position in the horn of Africa remains extremely difficult. The coming of the rains has brought some improvement, not least because of British-funded vaccination programmes for more than 916,000 children. I am gravely concerned by recent reports that al-Shabab has ordered 16 humanitarian organisations to cease operations in Somalia.

Mr Robertson: I thank the Secretary of State for that response. Does he agree that quite often the conflict, particularly in countries such as Somalia, is the root of the problem, and what can he do to remedy that?

Mr Mitchell: My hon. Friend rightly points to the fact that the Government are focusing on countries that are mired in fragility and conflict. It is one of the reasons why the Prime Minister has decided that Britain should host a conference on Somalia to try to ensure that we tackle the causes of state failure as well as the symptoms of it.

Mr David Crausby (Bolton North East) (Lab): Is the Secretary of State satisfied that the Kenyan invasion of Somalia will not hinder the distribution of aid?

Mr Mitchell: It is clear that there are a large number of difficulties, including the disposition of forces in Somalia, which hinders the distribution of aid. The biggest hindrance of all is the work of al-Shabab, which has kicked out 16 aid agencies. We are now very reliant on the International Committee of the Red Cross and two British non-governmental organisations, Save the Children and Oxfam, for getting relief through to an enormous number of very malnourished children who are in danger of dying as a result of this famine.

Sri Lanka

9. **Tom Brake** (Carshalton and Wallington) (LD): What recent assessment he has made of the humanitarian situation in refugee camps in Sri Lanka. [85125]

The Parliamentary Under-Secretary of State for International Development (Mr Stephen O'Brien): About 7,500 displaced people remain in camps in Sri Lanka, out of about 300,000 at the end of the conflict in 2009. British humanitarian aid for displaced people in Sri Lanka ended in March 2011, except for demining work which will continue until 2013.

Tom Brake: I thank the Minister for his response. May I ask him to intervene on behalf of the refugees who are still left in the Menik Farm refugee camp to ensure that they are allowed to return to their homes rather than to a 600-acre plot of newly cleared jungle?

Mr O'Brien: I greatly appreciate the importance of that issue. The work being done through the conflict prevention pool to help to bring peace in Sri Lanka includes assisting with police reforms and strengthening Sri Lanka's diasporic communities—some of which are in my hon. Friend's constituency—to drive economic development and reconciliation to help former combatants to integrate back into their communities, which are precisely the things that my right hon. Friend is looking for. We also supported the EU position over the removal of what is called the GSP-plus as a means to press the Sri Lankan Government to meet their human rights obligations.

Topical Questions

T1. [85132] **Tom Greatrex** (Rutherglen and Hamilton West) (Lab/Co-op): If he will make a statement on his departmental responsibilities.

The Secretary of State for International Development (Mr Andrew Mitchell): I attended last week's high-level forum on aid effectiveness in Busan. The United Kingdom was instrumental in securing an international agreement that, for the first time, includes new providers of development co-operation such as China and Brazil. I have also recently visited Burma for talks with the Government and with Aung San Suu Kyi. It appears that the political tectonic plates in Burma are shifting.

Tom Greatrex: The Secretary of State will I am sure be aware that 2013 is the bicentenary of the birth of David Livingstone, from Blantyre in my constituency. Will he undertake to work with the Scotland Office and other Departments of the UK Government to ensure that they contribute to the celebrations and commemoration of the work of David Livingstone in 2013?

Mr Mitchell: The hon. Gentleman raises the important issue of development in Malawi, which is challenged by the failure of the Government there to recognise the importance of taking the necessary steps to support very vulnerable people. The Scottish Government are doing a good job of supporting what is happening in Malawi. We are now working in an environment where Britain no longer gives the Government there direct budget support, but ensures that our support gets through by other mechanisms.

T6. [85137] **Stephen Barclay** (North East Cambridgeshire) (Con): Given the Department's focus on giving aid to countries that are considered fragile, will my right hon. Friend update the House on the current estimates for fraud and corruption losses this year, and confirm that resources are being reallocated to tackle those, so that aid gets to those most in need?

Mr Mitchell: My hon. Friend makes the most important point: the Department for International Development has zero tolerance of corruption. The independent watchdog reported last week that although there was no evidence of corruption in this year's programme, it was necessary to take new measures when we work in very difficult areas. I have instructed the civil service to implement all the independent watchdog's recommendations, lock, stock and barrel. *[Interruption.]*

Mr Speaker: Order. The House really must come to order. The Secretary of State is having some difficulty being heard, and that should not be the case.

Mr Ivan Lewis (Bury South) (Lab): Last week the Chancellor announced that, partially as a result of the Government's failed economic plan, DFID will have over £1 billion less to spend than previously planned. The Secretary of State has rightly focused on transparency and predictability of funding. In that spirit, will he make it clear which budgets that £1 billion will be taken from? In that context, will he reassure the House that he continues to enjoy the support of his party in pressing ahead with legislation to enshrine the 0.7% target in law?

Mr Mitchell: Even for a Labour spokesman, the hon. Gentleman has a neck the length of a giraffe's. Let me make it clear to him that the Chancellor of the Exchequer took action last week to ensure that we did not exceed the Government's 0.7% promise. Personally, I am enormously proud to be a member of a Government who, in spite of the difficult economic circumstances that we face, have stuck by their commitments to the poorest of the world.

T7. [85138] **Jesse Norman** (Hereford and South Herefordshire) (Con): My right hon. Friend will be aware of the excellent work done in Africa by Concern Universal, which is based in Hereford. Can he outline the measures taken to improve resilience against humanitarian disaster in Malawi?

Mr Mitchell: My hon. Friend again identifies the difficulties of operating in Malawi when Britain has stopped giving direct budget support. However, we are finding other mechanisms, particularly to address food security issues, and in the last 10 days we have approved additional funding for fertiliser to ensure that the next harvest has the best possible chance of succeeding.

T2. [85133] **Thomas Docherty** (Dunfermline and West Fife) (Lab): Although the famine in the horn of Africa is obviously the top priority there, future drought management is equally important. Will the Secretary of State tell us what aid his Department is giving to address this issue?

Mr Mitchell: The hon. Gentleman identifies the importance of having a wide set of measures to tackle famine and drought. We have given strong support to the Food and Agriculture Organisation to support livestock, and we are actively looking at ways to ensure that the crops do not fail next year. All the measures that we take are designed to boost resilience. It is an interesting fact that, as a result of the changes made in Ethiopia, the prevalence of malnutrition in that country has dropped by 50% in the last 10 years.

T9. [85140] **Karl McCartney** (Lincoln) (Con): In these times of austerity and hardship for so many of my constituents in Lincoln, how can my right hon. Friend justify his reported desire to legislate to force successive Governments to continue funding projects in 27 other countries, including India?

Mr Mitchell: My hon. Friend will be aware that the coalition Government looked at our bilateral programmes and reduced by 16 the number of countries in which we have country-to-country programmes precisely to ensure that we champion value for money. For example, on the first day we stopped aid to China and Russia. His constituents can be reassured that we are focusing on results and ensuring that every pound of taxpayers' hard-earned money delivers 100p of results on the ground.

T3. [85134] **Barbara Keeley** (Worsley and Eccles South) (Lab): Following the postponement of the election results in the Democratic Republic of the Congo, does the Secretary of State feel that the UK and the international community could have done more to ensure better oversight of those elections, and does he support the call for election results to be published polling district by polling district?

Mr Mitchell: We have had 89% of the votes counted. We are pressing the Electoral Commission to publish the results on a polling station by polling station basis so that any necessary appeals by those taking part can take place. Britain spent more than £30 million ensuring that registration and other things went ahead before the election. We must wait to see what the commission says about the credibility of these elections shortly. *[Interruption.]*

Mr Speaker: Order. Let us have a bit of order for the former Chairman of the International Development Select Committee, Mr Tony Baldry.

Tony Baldry (Banbury) (Con): My right hon. Friend is the first UK Minister to have visited Burma for a very long time. Will he please take this opportunity to update the House on the outcome of that visit, particularly on his discussions with Aung San Suu Kyi?

Mr Mitchell: It does appear that the political tectonic plates are moving in Burma. The Government of Burma have made it clear that they are committed to releasing the political prisoners—in particular, Min Ko Naing, one of the leaders of the students of 1988—and also committed to the 48 by-elections proceeding. Aung San Suu Kyi and her party have said that they will stand in those elections. We await credible elections with fair and open results.

PRIME MINISTER

The Prime Minister was asked—

Engagements

Q1. [85102] **Andrew Rosindell** (Romford) (Con): If he will list his official engagements for Wednesday 7 December.

The Prime Minister (Mr David Cameron): This morning I had meetings with ministerial colleagues and others, and in addition to my duties in this House, I shall have further such meetings later today.

Andrew Rosindell: The British people want to see two things from this week's European summit: first, a resolute and uncompromising defence of Britain's national interests; and, secondly, an end to the disastrous crisis of the euro—a currency that the Labour party still want us to join. Will the Prime Minister do Britain proud on Friday and show some bulldog spirit in Brussels?

The Prime Minister: I can guarantee to my hon. Friend that that is exactly what I will do. The British national interest means absolutely that we need to help resolve this crisis in the eurozone. It is freezing the British economy, just as it is freezing economies right across Europe. Resolving this crisis is about jobs, growth, business and investment right here in the UK. At the same time we must seek safeguards for Britain. That is the right thing to do. I can absolutely guarantee that as long as I am here there is absolutely no prospect of us joining the euro—something on which the Leader of the Opposition takes a different view.

Edward Miliband (Doncaster North) (Lab): Six weeks ago the Prime Minister said that

"the idea of some limited treaty change in the future might give us"

the opportunity

"to repatriate powers back to Britain".

At the European summit, what powers will he be arguing to repatriate?

The Prime Minister: As I explained, at the summit—*[Interruption.]* Let me explain—*[Interruption.]*

Mr Speaker: Order. We are all interested in hearing the answer. Let us hear it.

The Prime Minister: As I explained, we will have the key aim of helping to resolve the eurozone crisis, and we believe that means European eurozone countries coming together and doing more things together. If they choose to do that through a treaty at 27 in which we are involved, we will insist on some safeguards for Britain—and, yes, that means making sure we are stronger and better able to do things in the UK to protect our own national interests. Obviously, the more countries in the eurozone ask for, the more we will ask for in return, but we will judge that on the basis of what matters most to Britain.

Edward Miliband: The more the Prime Minister talked, the more confusing his position became, quite frankly. Let me remind him that on the eve of the biggest post-war rebellion against a Prime Minister on Europe, he was telling his Back Benchers that the opportunity of treaty change would mean in the future the repatriation of powers. That was his position six weeks ago. Today he writes a 1,000-word article in *The Times*, but there is not one mention of the phrase "repatriation of powers". Why does the Prime Minister think it is in the national interest to tell his Back Benchers one thing to quell a rebellion on Europe, and to tell his European partners another thing?

The Prime Minister: I do not resile from a single word that I said in that debate. Let me tell the right hon. Gentleman what we want to do, specifically and particularly in the area of financial services, in which this country has a massive national interest. Let me remind him that it represents 10% of GDP, 3% of our trade surplus, and 7% of UK employment. I want to ensure that we have more power and control here in the UK to determine these matters, in complete contrast to the Labour Government, who gave away power after power. They gave up our power and they made us join the bail-out fund; we have had to get out of the bail-out fund. They gave up our rebate and received nothing in return; we managed to freeze the European budget. There is one party—one Government—that defends Britain's interest, and another that always surrenders it.

Edward Miliband: I think the short answer is—*[Interruption.]*

Mr Speaker: Order. Let me say to the usual, predictable noisy tendency what I said to those on the other side a moment ago. People must be heard, and that is what will happen, however long it takes.

Edward Miliband: I think the short answer is that six weeks ago the Prime Minister was promising his Back Benchers a handbagging for Europe, but now he is reduced to hand wringing. That is the reality of this Prime Minister. The problem for Britain is that at the most important European summit for a generation, which matters hugely to families and businesses up and down the country, he is simply left on the sidelines. Is not the truth that we have a Prime Minister who is caught between his promises in opposition and the reality of government? That is why Britain is losing out in Europe.

The Prime Minister: I am afraid that even the best-scripted joke about handbags will not save the right hon. Gentleman's leadership. He talks about being isolated. Let me explain to him where we would be if we adopted Labour's policies. If we adopted your spending and your deficit policies, and if we were in the euro, I would not be going to Brussels to fight for Britain; I would be going to Brussels to get a bail-out. By implementing the proposals that it is advancing, Labour would put Britain in such a bad position that the tax changes would be written not by the shadow Chancellor, but by the German Chancellor.

Mr Andrew Tyrie (Chichester) (Con): There is a wide spectrum of views on Europe throughout the House. *[Interruption.]* One can sense that even from the response to my remark. Will the Prime Minister take to the European Council the straightforward message that the one thing most likely to unite the House of Commons would be the perception of a calculated assault from Brussels—not even in its own interests—on the well-being of the UK financial services industry, and on the 1.3 million people in all our constituencies who work in it?

The Prime Minister: My hon. Friend is entirely right. Of course we want to see a greater rebalancing of our economy and more jobs in manufacturing, aerospace and technology; however, the economy that we inherited is very dependent on financial services. I think we should celebrate the fact that it is a world-class industry, not just for Britain but for Europe—but it is absolutely vital for us to safeguard it. We are currently seeing it under continued regulatory attack from Brussels. I think that there will be an opportunity, particularly if there is a treaty at 27, to ensure that there are some safeguards—not just for the industry, but to give us greater power and control in terms of regulation here in the House of Commons. I think that that is in the interests of the entire country, and it is something that I will be fighting for on Friday.

Q2. [85103] **Ms Margaret Ritchie** (South Down) (SDLP): Does the Prime Minister agree that the recent escalation of industrial action in the public sector—which, incidentally, was not a "damp squib" in my part of the world—was a result of genuine anger about the sheer unfairness of Government action to deal with pension contributions, which is making people on low and middle incomes pay for the horrendous mistakes made at the top?

The Prime Minister: I am afraid that the hon. Lady is plain wrong, because the lowest-paid workers are not being asked to contribute more to their pensions. On fairness, let me make one point: under our offer, a primary school teacher earning £32,000 a year could receive a pension worth £20,000 a year, but private sector workers, who, let us remember, are the people putting their money into these pensions, would have to pay 38% of their salary—almost half—to get an equivalent pension. Of course there is an issue of fairness, and we must play fair by public sector workers, but we must also be fair to private sector workers, who are putting their money into these pensions.

Steve Baker (Wycombe) (Con): Does my right hon. Friend agree that it is time for this country to lead Europe into the hope and potential of a new post-bureaucratic age?

The Prime Minister: I think that there are opportunities for Britain in Europe, and we should start from the premise that it is in Britain's interest to be in the single market. We are a trading nation, so we need those markets open, and to be able to determine the rules of those markets. As Europe changes, of course there will be opportunities, but the first priority at the end of this week must be to ensure that the eurozone crisis, which is having such a bad effect on our economy, is resolved. At the same time, however, we should be very clear about the British national interest: safeguarding the single markets and the financial services, and looking out for the interests of UK plc.

Q3. [85104] **Mark Tami** (Alyn and Deeside) (Lab): Will the Prime Minister be having his usual Christmas bash with Rebekah Brooks and Jeremy Clarkson? If so, will they be talking about just how out of touch they all are with British public opinion?

The Prime Minister: I seem to remember that the annual sleepover was with the former Labour Prime Minister. I shall be having a quiet family Christmas.

Mark Pritchard (The Wrekin) (Con): May I offer the Prime Minister my full support as he promises to stand up for the British national interest at the EU summit on Friday? Is it not the case, however, that Europe and the eurozone will be saved not by bail-out after bail-out of the eurozone but by making Europe more competitive, reducing its high unit costs and cutting regulation and red tape on business?

The Prime Minister: My hon. Friend is entirely right. I understand why leading members of the eurozone, such as the Germans, want tougher fiscal rules on budget deficits for eurozone members, but it is right to point out that the heart of the crisis was caused by current account deficits in some countries and large current account surpluses in others. Unless we solve the competitiveness problem at the heart of the euro crisis, the crisis will keep recurring. Our argument throughout has been that not only do we need tough rules on budget deficits and to see euro institutions, including the European Central Bank, acting in concert and acting strongly, but that we need to resolve the competitiveness problem at the heart of the single currency to deal with the crisis. I shall continue to make those points on Thursday and Friday.

Edward Miliband: Will the Prime Minister confirm that according to the Institute for Fiscal Studies, next year the poorest third of families will lose three times as much as the richest third, as a result of his economic policy?

The Prime Minister: No, the right hon. Gentleman's figures are wrong. If we take all the things that the Government have done—that is the right way to measure this—we find that the top 10% will see losses nearly 10 times greater than the bottom 10% will. I believe that that is fair. One point that has not been properly understood, but which is important, is that the richest 10% in our country will experience the biggest reduction in income, not only in cash terms but proportionately. So we are being fair. It is incredibly difficult to deal with the debts and the deficit that he and his party left behind, but we are determined to do it fairly.

Edward Miliband: The Prime Minister is simply wrong again. The figures are there, and the poorest third are losing far more than the richest third. He used to say, "I'm not going to balance the budget on the backs of the poor." [HON. MEMBERS: "He's not!"] No, that is right: he is not balancing the budget—there is £158 billion more of borrowing—but he is hitting the poor. To give him credit, though, there is one group for which he is easing the pain; this has not got the publicity that it deserves. He is delaying for one year the tax on private jets, at the same time as hitting the poorest families in this country. Will he confirm that a working mother earning £300 a week is seeing rising VAT, her tax credits cut, child benefit frozen and her maternity grant cut?

The Prime Minister: The right hon. Gentleman had 13 years in which to tax private jets—and now former Labour leaders are jetting around in them! In two years we will have taxed them. He quotes the Institute for Fiscal Studies. Let me remind him of what it said about Labour's plans. It said that Labour's policies would lead to

"even higher debt levels over this Parliament"—*[Interruption.]*

Labour Members do not like to hear their own policies being taken apart. *[Interruption.]* Calm down. *[Interruption.]*

Mr Speaker: Order. What I simply say to everybody is that I want to get down the Order Paper. If the Prime Minister wants to give a brief answer, let us hear it.

The Prime Minister: Let me just explain what the IFS said. It said that the right hon. Gentleman's plans implied

"even higher debt levels over this Parliament than those we will in fact see."

That is the truth of it. If we want the stimulus we are giving the economy through low interest rates, we have to stick to the plans we have set out. There is not a party in Europe, apart from the Moldovan communists, that backs his plans.

Edward Miliband: Now I have heard everything. The Prime Minister is talking about a stimulus, but he does not understand: he is cutting too far and too fast. That is why we have problems in our economy. Of course he does not want to tell us what the IFS says about his plans; he is the Prime Minister, after all. It says:

"New tax and benefit measures are, on average, a takeaway from lower-income families with children".

The figures speak for themselves. His changes are hitting women twice as hard as men. Is not the truth that he is the first Prime Minister in modern times to say, "It's the women and children first"?

The Prime Minister: The right hon. Gentleman's soundbites get weaker and weaker as his leadership gets weaker and weaker; that is the truth of it. If we look at what we have done in lifting 1.1 million people out of tax, it is mostly women who benefit. If we look at the increase in the pension—£5.35 starting next April—that will benefit mostly women. If we consider the issue of public sector pensions, we are helping the lowest-paid in the public sector, and that will help women. Yes, we are giving the economy a stimulus by keeping our interest rates low. We have interest rates at 2%, while they are at 5% in Italy, 5% in Spain and 30% in Greece. If we followed his advice we would have interest rates rocketing, businesses going bust and more people out of work. That is what Labour offers, and that is why it will never be trusted on our economy again.

John Thurso (Caithness, Sutherland and Easter Ross) (LD): Small and medium-sized enterprises in my constituency are still having grave difficulty in accessing reasonable finance. A major contributory factor in that is lack of competition. Will the Government consider breaking up the nationalised banks to create more competition on the high street?

The Prime Minister: I do think we have opportunities to increase competition on the high street, and obviously, as we look to return the state banks to the private sector we will have further opportunities. We have already managed to take one important step forward by getting Northern Rock back out there lending to businesses and households, properly established in the north-east of England.

Mr Speaker: We now come to a closed question from Mr Jeremy Corbyn. He is not here. I call Mr John Baron.

Mr John Baron (Basildon and Billericay) (Con): Our history of repatriating powers from the European Union is not a happy one. May I therefore suggest a fundamental renegotiation of our relationship with the EU based on free trade, growth and competitiveness, which other countries enjoy, not on political union and dead-weight regulation? This EU summit is a defining moment—a once-in-a-lifetime opportunity. Will the Prime Minister seize the moment?

The Prime Minister: I am a little more optimistic than my hon. Friend. On the bail-out power that the last Government gave away, we are returning it to the United Kingdom via the European stability mechanism treaty, so we have returned a power. More recently, we have just won an exemption from all EU legislation to make sure that from January 2012 micro-enterprises will not face any new EU regulation at all.

In answer to the question of whether we will go in there and fight for British interests on Thursday and Friday—yes, absolutely we will. But let us be clear: there is the option of a treaty at 27, where we have the ability to say yes or no and as a result get a price for that, but there is also always the possibility that the eurozone members at 17 will go ahead and form a treaty of their own. Again, we have some leverage in that situation, because they need the use of EU institutions, but we should recognise exactly what our leverage is and make the most of it.

Q5. [85106] **Mr Pat McFadden** (Wolverhampton South East) (Lab): Last year the Prime Minister's manifesto promised to repatriate legal rights, criminal justice, and employment and social legislation. His article in *The Times* this morning is silent on all those issues, and the Justice Secretary has said that this agenda is not realistic anyway. Does the Prime Minister regret leading his party up the garden path and forcing himself into a choice between ditching his manifesto and potentially vetoing a treaty that may be essential to avoid huge damage to the UK economy?

The Prime Minister: What I regret is that the Labour party gave away so many powers. It is going to take a while to get some of them back, but we are making progress. When the right hon. Gentleman was in government there were repeated increases in the EU budget, whereas this year we have achieved an EU budget freeze. When he was in government he gave away the bail-out power and we had to pour billions of pounds into other countries. We have got that power back, and I believe that with strong negotiation, standing up for Britain, we can help to clear up the mess that Labour left us.

Andrew Percy (Brigg and Goole) (Con): Over the past decade and a half there has been an explosion of personal debt levels in this country, yet we allow our young people to leave school without the proper skills to make informed decisions. Next week the all-party group on financial education for young people will report on where we feel this can fit into the curriculum. Will the Prime Minister read that report and meet a small group of MPs to discuss how we can ensure that young people are more financially literate in the future?

The Prime Minister: I shall be very happy to meet my hon. Friend, who knows a great deal about this, having been a supply teacher for many years in the constituency that he now represents.

Andrew Percy: I was a teacher.

The Prime Minister: He was a permanent teacher as well; excuse me. Financial education is important for our young people, and I look forward to seeing the report of his all-party group.

Q6. [85107] **Lilian Greenwood** (Nottingham South) (Lab): The Prime Minister once said that he wanted to lead the most family-friendly Government ever, so is it not a disgrace that of nearly £19 billion of cuts that his Government have announced so far, more than £13 billion have fallen on women?

The Prime Minister: What I say to the hon. Lady is that it was this Government who introduced 15 hours of free nursery care for three and four-year-olds—something that the Labour party never managed to do in government—and despite the appalling mess that we were left, in this autumn statement we put in an extra £380 million to double the number of disadvantaged two-year-olds whose parents will get free nursery care. That is real progress and real help for families—something Labour never delivered.

Ian Swales (Redcar) (LD): What would the Prime Minister say to a council such as Redcar and Cleveland borough council, which is considering rejecting Government funding for a council tax freeze next year, and instead charging my hard-pressed constituents 3.5% more?

The Prime Minister: I very much hope that all councils will take up the offer of a council tax freeze, because in this year of all years, when people face economic hardship, it is important that we help where we can. That is why we have cut the petrol tax. That is why we have allowed the council tax freeze to go ahead. So my advice to people in the hon. Gentleman's constituency would be to support parties that back a council tax freeze.

Q7. [85108] **Jim Dobbin** (Heywood and Middleton) (Lab/Co-op): Since the Education Act 1944, successive Governments have supported subsidised travel for students who live 3 miles or more from the faith school of their choice. Some local authorities are beginning to cut back on that financial support, and I do not think any Member in this House wants to see that happen. Can the Prime Minister encourage local authorities to embrace the spirit of the 1944 Act on this particular issue?

The Prime Minister: The hon. Gentleman asks a very important question. I support school choice—parents having the ability to choose between schools—and I also support faith schools. Indeed, I have chosen a faith school for my own children. So I will look very carefully at what he says and at what local authorities are doing, discuss it with the Education Secretary and see what we can do to enhance not only choice, but the faith-based education that many of our constituents choose.

Mr Andrew Turner (Isle of Wight) (Con): Does the Prime Minister agree that in exchange for supporting the euro countries in dealing with their crisis, we should be seeking changes in the law of immigration, employment and fishing rights, in order to support our economy?

The Prime Minister: As I have said, if they choose a treaty at 27, that treaty requires our consent. We should therefore think of what are the things most in our national interests; I have talked about keeping the single market open and the importance of financial services. Clearly, the more that eurozone countries want to do in a treaty of 27, and the more changes they want to make, the greater ability we will have to ask for sensible things that make sense for Britain. I am very keen that we should exercise the leverage we have to do a good deal for Britain, and that is exactly what I will be doing in Brussels this Thursday and Friday.

Q8. [85109] **Mike Gapes** (Ilford South) (Lab/Co-op): The Prime Minister promised:

"I'll cut the deficit, not the NHS".

Why are his Government closing the accident and emergency and maternity services at King George hospital, Ilford, cutting front-line NHS staff and borrowing £158 billion extra? Should he not have said, "I'll cut the NHS, not the deficit"?

The Prime Minister: The hon. Gentleman is just wrong, because the deficit is coming down and NHS spending is going up throughout this Parliament. I note that his own party's health spokesman says that it is "irresponsible" to increase spending on the NHS. We do not think it is irresponsible; we think it is the right thing to do. As the hon. Gentleman knows, the Health Secretary has set out the criteria for all local changes, including those in the hon. Gentleman's constituency. There has to be proper public and patient engagement, sound clinical evidence, support from GP commissioners and proper support for patient choice.

Andrea Leadsom (South Northamptonshire) (Con): The Prime Minister has taken a strong interest in the incredible work of the Oxford parent infant project in helping families that are struggling to form a strong attachment with their babies. Two months ago I started a new sister charity in Northamptonshire. Given the Prime Minister's interest in strengthening families, will he commit to looking again at the incredible work that can be done in early intervention, which saves a fortune in the criminal and care services later on?

The Prime Minister: My hon. Friend is entirely right. I know about OXPIP and I am delighted that she is expanding the project into her own constituency. All the evidence shows that the more we can do to help children and their parents between the ages of nought and two—the key time at which so much disadvantage, which can have such a bad impact later on in life, can set in—the better. That is why her work, and that of Members across the House, in prioritising early intervention is so important for our country.

Q9. [85110] **Bill Esterson** (Sefton Central) (Lab): The Prime Minister was asked by his constituent Phillip Hall, who runs his own construction company, to cut VAT on home repairs and improvements. Cutting VAT on home improvements has the support of more than 50 business organisations, including the Federation of Small Businesses. Will the Prime Minister support that cut in VAT, which would help jobs, growth and business?

The Prime Minister: The hon. Gentleman's problem is that the Opposition have a huge list of extra spending and tax cuts that they want, but as we have heard again today in Question Time, they oppose every single spending reduction we are making and every single fundamental reform to get better value for money. One can only

conclude that spending would go up, borrowing would rocket, interest rates would increase and the economy would be left in very dire straits.

Dr Julian Lewis (New Forest East) (Con): Why is my right hon. Friend supporting a policy of fiscal unification for the eurozone states that, if it happens, will undoubtedly lead to the creation of a dangerously undemocratic single Government for those countries?

The Prime Minister: The point that I would make to my hon. Friend is that I do not want Britain to join the euro—I think Britain is better off outside the euro—but the countries that have chosen to join the euro have to make that system work. In order to do that, they need not just stronger fiscal rules, which is clear, but greater competitiveness. It is for them to decide how to go ahead and do those things. We should maintain Britain's position outside the euro, and ensure that we safeguard our interests at the same time. That is exactly what I will be doing in Brussels.

Q10. [85111] **Alun Michael** (Cardiff South and Penarth) (Lab/Co-op): Ten thousand service personnel will have heard of their real-terms cut in pay while serving on the front line in Afghanistan. What does the Prime Minister think that disgraceful cut will do for the morale of those who are risking their lives for us?

The Prime Minister: What we have done is double the operational allowance that people in Afghanistan receive. They are extremely brave people and we should be doing right by them; that is why we doubled that allowance. We have also increased the council tax disregard and made sure that the pupil premium is available not just to children on free school meals but to all service families' children. We have put the military covenant into the law of our land and we will go on defending, promoting and protecting our brilliant armed services personnel and their families.

Q11. [85112] **Mark Lancaster** (Milton Keynes North) (Con): The Nun Wood wind farm application spans three local authorities, each of which independently assessed it against their local plans and rejected it. Subsequently a distant, unelected planning inspector overruled them and even moved his decision forward by three months so that it could be made the day before the Localism Bill got Royal Assent. The Prime Minister will understand my constituents' anger. Will he look into what appears to be a blatant slap in the face for localism?

The Prime Minister: My hon. Friend makes an important point. As he knows, as a result of the changes we are making it will not be possible in future to overrule such decisions so as to meet a regional target, because we have now got rid of those regional targets. We are giving much more authority and many more decision-making powers to those local bodies. Our planning reforms will ensure that local people and their councils decide what people need, and how to meet that need.

Mr Nigel Dodds (Belfast North) (DUP): Is the Prime Minister worried that the scandal of mis-selling in this country has just got a lot worse, given the previous broken guarantees to the public? He is now rejecting a vote on the latest European changes. He has mis-sold the issue to the public at large. Will he give a guarantee to the House that there will be an opportunity for the British people to deliver their verdict on the changes that are happening in Europe?

The Prime Minister: What this Government have given is something that no previous Government have done in this country. We have passed a law that means that if ever this Government, any future Government, or any future House of Commons, try to pass powers from Westminster to Brussels they will have to ask the British people in a referendum first. That means that there would have to have been a referendum on the Lisbon, Amsterdam and Nice treaties, and other treaties. People feel betrayed by what happened under the previous Government, but that cannot happen again.

Q12. [85113] **Fiona Bruce** (Congleton) (Con): Small and medium-sized enterprises are the engine of the economy in my constituency and will play a very important part in our economic recovery. Will the Prime Minister acknowledge that a key factor in achieving growth, as well as in resolving the eurozone crisis, is to take action in Britain's interests to tackle and reduce the huge regulatory burdens on small companies, so many of which come from Europe?

The Prime Minister: My hon. Friend makes an important point. We have to start here, in our own backyard as it were, and stop the gold-plating and over-regulation that has happened in the past. That is why we have the red tape challenge, with every rule being put up on the internet so that people can show how little we need to keep. That is why we have the one-in, one-out rule that applies to every Minister: no one can introduce a regulation without getting rid of a regulation. We have just achieved a major breakthrough in Europe: micro-businesses employing fewer than 10 people will not be subject to European regulation from 2012 onwards. That is a big breakthrough, and it is something that has not happened before in Europe. It shows that if we make the arguments for growth, jobs and enterprise, we can win them.

Q13. [85114] **Fiona O'Donnell** (East Lothian) (Lab): The Prime Minister has today refused to accept that women and children will bear the brunt of his failed economic policy. No wonder he continues to turn women off. Will he accept the Treasury's own figures showing that 100,000 more children will be living in poverty as a result of his policies?

The Prime Minister: How on earth does it advantage women and children to pile them up with debt after debt that they will then have to pay back? We have been standing here for 33 minutes and all we have heard from Opposition Members is proposals for tax reductions and spending increases, about reforms they would not go ahead with, and about scrapping the changes to public sector pensions. They would take those women and children whom we are concerned about, pile them high with debt and let them live under that burden for the rest of their days.

Sir Peter Tapsell (Louth and Horncastle) (Con): May I hark back a month to 7 November, when, as is recorded at column 28 of that day's *Hansard*, I put three suggestions to my right hon. Friend for containing the euro crisis, with which he appeared to agree? None of

them, as he will have noticed, has been acted upon by the European Central Bank, so may I now express to him my belief that the alternative policy of a fiscal union will, as my hon. Friend the Member for New Forest East (Dr Lewis) has just said, pose a great threat to the liberty of Europe, because it would inevitably make Germany still more dominant? Can the Germans be persuaded to study the reason for the Boston tea party? "No taxation without representation" is the bastion of freedom.

The Prime Minister: As ever—*[Interruption.]*

Mr Speaker: Order. We have heard the question. We now want to hear the Prime Minister's answer.

The Prime Minister: As ever, the Father of the House speaks with great knowledge, wisdom and foresight. The reason why he and I do not want to join the single currency is that we would not be prepared to put up with a supra-national power that would tell us what our debt, our deficit and everything else should be. That is why we do not want to join. If the countries of the eurozone want to make their system work, it is clear to me that fiscal rules are one thing that they may need, but that will not be enough without proper competitiveness, and—this is the third point that my right hon. Friend made—the full-hearted intervention and support of the institutions of the eurozone, including the European Central Bank. But it is a decision that those eurozone countries have to make themselves.

Point of Order

12.36 pm

Mr Matthew Offord (Hendon) (Con): On a point of order, Mr Speaker. Members of the House are aware of their responsibilities in relation to the rules about not abusing their position in the House and about their personal and financial business interests. Therefore is it appropriate—

Mr Speaker: Order. The hon. Gentleman should resume his seat. I am grateful to him for what he has said so far, but an allegation of improper use of House resources, which I understand to be the kernel of his point, is not a matter for the Chair. I thank him for giving me notice of his proposed point of order, but I should tell him that any complaint about alleged misuse of such resources should be made to the Parliamentary Commissioner for Standards. Very simply, it is not a matter that should be raised on the Floor of the House. I hope that is helpful to the hon. Gentleman and to other right hon. and hon. Members.

If there are no more points of order, we come now to the ten-minute rule Bill. I call Mike Freer. May I appeal to right hon. and hon. Members who are leaving the Chamber to do so quickly and courteously, affording to the hon. Gentleman the same courtesy as they would wish to be extended to themselves in such circumstances?

Tax Refunds Regulation (Review)

Motion for leave to bring in a Bill (Standing Order No. 23)

12.38 pm

Mike Freer (Finchley and Golders Green) (Con): I beg to move,

That leave be given to bring in a Bill to require the Chancellor of the Exchequer to commission a review of the timelines with which tax refunds owed to taxpayers by Her Majesty's Revenue and Customs are made; as part of that review to consider the merits of making such refunds payable on the day they are calculated and applying interest and penalties to such refunds 30 days after they are payable; and for connected purposes.

I realise that I may be tempting fate, as I will be submitting my own tax return to HMRC within the next few weeks.

HMRC does pay interest, but the late payment rate is six times the unpaid refunds rate. Currently, with record lows in interest rates, the late payment rate is 3%, but the unpaid refunds rate is just 0.5%. When we look at penalties, the inequality is starker. Yes, there are a wide range of penalties applying to virtually every tax. For instance, if a taxpayer has not received a self-assessment notification, has not realised that they may need one and so does not ask for one, they may have to pay a penalty of up to 30% of additional tax due, even if they did not know the process they had to follow. A taxpayer, whether personal or business, who makes an inaccurate return through carelessness, not deliberate error, may also have to pay a penalty of up to 30% of the extra tax due. I am not aware of HMRC being penalised if it makes a mistake or its systems and processes contribute to late or unpaid refunds, yet that happens for the taxpayer.

The system is designed to push unpaid refunds into a suspense account. Errors can easily be made. For example, section 4 of the online form asks who will receive some or all of the overpayment. If a taxpayer does not provide bank details, rather than the Revenue simply issuing a cheque, the moneys are not issued and are held in a suspense account. The Revenue states that no repayment will be made automatically until the taxpayer contacts it. It could be argued that the taxpayer could and should provide accurate details and that the Revenue is right to withhold payment, but that would not prevent the Revenue from issuing a cheque. It simply chooses to withhold the money.

The key issue before us is the discrepancy between the penalties and interest rates levied by HMRC and the interest rates and lack of penalties levied on it. This is particularly relevant when the taxpayer has followed the rules but it has taken months for refunds to be paid. The Chartered Institute of Taxation has advised me that the catch-all reason for late payments is the security checks used to validate the identity of taxpayers, which appear to cause delays of up to several months. HMRC is right to combat fraud by undertaking such checks, but they are left to the very end of the refund process and are deliberately designed to delay the refund. Taxpayers and tax advisers often think that that is more to do with cash management by the Treasury than combating fraud.

Organisations assisting low-income groups have told me that delays in receiving expected refunds can cause disproportionate financial hardship for low-income taxpayers. Having coped with the delays in the onset of

the process, when routine correspondence can take up to 12 weeks, the problem is then compounded in some cases by further delays of up to eight weeks for security checks to be made. For example, a pensioner I know of waited four months for a refund of just £70. That might not sound like a lot of money, but it is for a pensioner living on the basic state pension. The pensioner said, "We have always been prompt in settling our dues and expect the same in return." The pensioner was living in the west midlands. The tax that was erroneously collected was paid to the Cardiff office, an apology for the mistake was received from the Portsmouth office and the cheque eventually arrived from the Glasgow office. No doubt the Revenue has reasons for handling different parts of the process in different parts of the UK, but a multi-part process handled in multiple offices cannot be conducive to efficiency.

How can we focus the Revenue on improving its customer service? In my experience of dealing with the public sector, if we grab them by the budgets, minds will follow. If the Revenue had to pay real rates of interest and penalties, it might be motivated to streamline its processes and issue refunds promptly. It fulfils an important role. The taxes it collects fund our essential services, and I have no issue with that. Being rigorous in collecting overdue tax is fair, but it seems oblivious to the scale and impact of tardy refunds.

My hon. Friend the Exchequer Secretary to the Treasury confirmed in a written answer to my hon. Friend the Member for Sevenoaks (Michael Fallon) that the Revenue does not hold information on the average length of time taken to process a repayment. It is simply not important enough to it. In my business experience, what gets measured gets done.

The Treasury Committee agrees. In its report in July, it commented on HMRC service standards, and one of its recommendations was that the HMRC work closely with professional bodies, charities and businesses to develop a series of performance indicators that credibly reflect customers' end-to-end experience of dealing with the Revenue. Those indicators should be regularly published. If the interest paid on late payments and the penalties on those were published, I suspect that we would see a shift in the relationship between the HMRC and the taxpayer.

The issue of fairness is paramount in this Bill. Taxpayers should be entitled to the same level of interest and penalties on late refunds as the Revenue expects to levy on late payments. In this place, we often say that we govern only with the consent of the people. We have allowed the relationship between the Revenue and the taxpayer to deteriorate to that of master and slave. It is time to rebalance that relationship.

Question put and agreed to.

Ordered,

That Mike Freer, Mr Matthew Offord, Andrew Percy, Justin Tomlinson, Priti Patel, Andrew Bingham, Jesse Norman, Jane Ellison and Simon Hart present the Bill.

Mike Freer accordingly presented the Bill.

Bill read the First time; to be read a Second time on Friday 30 March 2012, and to be printed (Bill 259).

Appointment of the Chair of the National Audit Office

Agreement of the Chair of the Committee of Public Accounts signified.

12.47 pm

The Prime Minister (Mr David Cameron): I beg to move,

That an humble Address be presented to Her Majesty, praying that Her Majesty will appoint Professor Sir Andrew Likierman to the Office of Chair of the National Audit Office.

This is the first time that a Prime Minister has moved a motion to appoint the chair of the National Audit Office, and it is a direct result of the legislation that we have brought forward to implement the Public Accounts Commission's recommendations on strengthening the governance of the National Audit Office, including through new board arrangements and an independent chair.

At a time when we are getting to grips with a record budget deficit, and when families and businesses up and down the country are working hard to make ends meet, it is more important than ever that we get the best possible value for money in public service delivery. That is why, for example, this Government have delivered £3.7 billion of savings in just 10 months—enough to pay the salaries of 200,000 junior nurses or 150,000 secondary school teachers.

The National Audit Office has a vital role to play in holding the Government to account and in ensuring that we achieve the greatest possible value for money. The proposed chair is Professor Sir Andrew Likierman, currently the NAO's acting chairman. He was appointed following an open competition by my predecessor the right hon. Member for Kirkcaldy and Cowdenbeath (Mr Brown) and the former Chair of the Committee of Public Accounts, my hon. Friend the Member for Gainsborough (Mr Leigh). The intention was that Professor Likierman should become the chair of the new NAO in due course, and he has indicated his willingness to continue in the role for a further three years.

Professor Likierman is a distinguished public servant with extensive knowledge and experience of business and public service. Since taking up the acting chair role, he has established the NAO's board as an effective governance body, providing support and independent challenge to the NAO's decision-making process. He has also provided counsel and advice to the Comptroller and Auditor General at a time of change for both the NAO and the central Government bodies that it audits.

I believe it is desirable for Professor Likierman to be appointed under the new legislation in order to provide continuity as the NAO formally adopts its new governance arrangements, and I have no hesitation in commending this motion to the House.

12.49 pm

Margaret Hodge (Barking) (Lab): I am pleased briefly to take part in the debate and to confirm the appointment of Andrew Likierman as chair of the National Audit Office.

In my role as Chair of the Committee of Public Accounts, may I take this opportunity to endorse what the Prime Minister has said about the suitability of Sir Andrew? Although it was my predecessor, the hon. Member for Gainsborough (Mr Leigh), who was involved

[Margaret Hodge]

in the appointment of Sir Andrew as acting chairman of the NAO, it is clear that in any field of open competition Sir Andrew's qualifications are outstanding. He brings with him a wide breadth and depth of experience in financial reporting, Government finance and issues of governance. His distinguished career has encompassed both the public and private sectors in an academic and a professional capacity. He is a past managing director of the Treasury and head of the Government Accountancy Service. He has advised the Treasury Committee and is currently dean of the London Business School. His suitability for this role is unquestionable.

As the Prime Minister said, Sir Andrew has already played an important role at the NAO. He has been instrumental in establishing the new governance arrangements and providing the leadership to form an effective board during a time of organisational change. He has already contributed to enhancing the credibility, reputation and influence of the National Audit Office in supporting both Government and Parliament to secure better value for money, particularly in the current fiscal environment. I have no doubt that Sir Andrew has had a great and positive impact since he was first appointed in 2009 and that he will continue to do so in future. I wish him well.

12.51 pm

Mr Edward Leigh (Gainsborough) (Con): I support the motion moved by the Prime Minister. I remember that his predecessor was a bit cross about having to come to this rather quiet little affair, with all his other very heavy responsibilities, especially as he had already appointed the previous Comptroller and Auditor General as an acting Comptroller and Auditor General.

It is worth emphasising that the reason it is important that the Prime Minister is here is that this is the one job—in fact, there are two jobs, the Comptroller and Auditor General and the chair of the National Audit Office—that is not in the sole gift of the Prime Minister. At least there is one job he does not appoint; I am sure that he is prepared to concede this one. It is very important that he is not in sole control and that he appoints the heads of both these bodies—the chairman of the NAO and the CAG—with the Chairman of the Public Accounts Committee. By definition, my right hon. Friend is a member of the Government—that is obvious—and, by changing the rules of this House to create a unique rule, we have ensured that the Chairman of the Public Accounts Committee is always a member of the Opposition. The two people who run the National Audit Office are therefore appointed on a genuinely all-party basis. That is essential.

Of course, I welcome this sealing of the appointment of Sir Andrew. I could hardly say anything else, as I appointed him in the first place. He is a superbly well qualified person for this job. The reason we created the new role of chairman of the board—I worked with Alan Williams, the former Father of the House, to whom, once again, I pay tribute for his many long years of service to this House—was that previously the Comptroller and Auditor General was, in effect, a dictator. He had sole control of the organisation; there was no board, and none of his judgments should be questioned. It is quite right that when the CAG looks at the accounts of Government— when he is holding the Government to account—he should be completely independent and act on his own, and nobody must be able to gainsay him. He must be able to look into every filing cabinet, summon every civil servant, and expose every scandal. However, in terms of running a modern organisation like the National Audit Office, it was right that we should modernise, move with the times, and create a proper board that could oversee the organisation as opposed to the policy, and that is what we did with the appointment of Sir Andrew. He is a good candidate and I welcome his appointment.

12.[illegible] pm

Mr Richard Bacon (South Norfolk) (Con): I, too, rise to support the motion. Sir Andrew Likierman is a highly suitable candidate.

I must say that at first, I had doubts—not about Sir Andrew, but about the office of chairman of the National Audit Office and the suitability of having a board. I was concerned about maintaining the independence of the Comptroller and Auditor General and making sure that his independence was no way impinged on by any further statutory inhibitions of any kind. I am now satisfied, especially as Sir Andrew has served as the shadow chairman for the past 18 months to two years, that that will not happen and, moreover, that the arrangements between the National Audit Office and its chairman, and in relation to the statutory functions of the Comptroller and Auditor General, which must not be impeded, have been satisfactorily worked out.

Those functions include access, if required, to every filing cabinet. May I say to the Prime Minister that that includes, if required, access to Cabinet papers? That is not—because the Comptroller and Auditor General, as we all know, is statutorily prohibited from looking at policy questions—in order to question policy, but to see that the right judgments were arrived at in obtaining value for money. In the light of the recent discussions that have been held on this subject in relation to the Ministry of Defence, I am pleased that the system worked as it should and that, as in the past, the National Audit Office ultimately had access to Cabinet papers. This was not exceptional—the NAO has done it before—and the system worked as it should. That shows that the judgments that the National Audit Office reached, having had access to Cabinet papers, were the right ones. Because of that, and because of Andrew Likierman's suitability, I am very happy to support the motion.

12.55 pm

The Economic Secretary to the Treasury (Miss Chloe Smith): It is an honour to support the Prime Minister and the right hon. Member for Barking (Margaret Hodge) on the motion to appoint Professor Sir Andrew Likierman as chair of the new National Audit Office. I should like to echo the tributes of other Members, including my hon. Friends the Members for Gainsborough (Mr Leigh) and for South Norfolk (Mr Bacon), regarding the fine contribution that Professor Likierman has already made as shadow chairman of the National Audit Office and his qualifications for the role.

Since becoming shadow chairman, Sir Andrew has done tremendous work to establish the shadow board as an effective and authoritative governance body. This has set the basis for the future as the NAO takes on its full responsibilities. As the House is aware, the new

governance arrangements for the NAO were enacted following a report by the Public Accounts Commission in the previous Parliament. That report recommended that the NAO, led by the Comptroller and Auditor General, should remain the Government's auditor, independent of Government and answerable directly to Parliament through the commission. The commission also recommended that the NAO should be a corporate body, with existence separate from, but providing resources and support to, the Comptroller and Auditor General.

The new NAO will have a board with a majority of non-executives, including an independent non-executive chair, who will be a Crown appointment, appointed by the Crown in the same way as the Comptroller and Auditor General. The Comptroller and Auditor General will have a fixed 10-year term—previously it was unlimited—and remuneration of the CAG will be agreed by the Prime Minister and the Chair of the Committee of Public Accounts, rather than being linked to permanent secretaries' remuneration. The report also recommended that the NAO's audit reports continue to be laid in Parliament, and that the Committee of Public Accounts should continue to hold scrutiny hearings on some of them.

The report's recommendations were accepted by the previous Government, and provision was included in the Constitutional Reform and Governance Bill, which received cross-party support in the Commons. As the House will be aware, those clauses were lost in the other place during the wash-up stage before the general election, but this year the Government included the provisions in the Budget Responsibility and National Audit Act 2011. The governance reforms envisaged in the provisions strengthen the independence and accountability of the Comptroller and Auditor General in holding the Government to account.

These reforms are entirely in line with the coalition Government's commitment to transparency and accountability in the public finances, including by implementing whole of Government accounts. As the right hon. Member for Barking noted, effective independent oversight of the efficiency of Government spending is especially important when public resources are under pressure, and these reforms are intended to ensure that the Comptroller and Auditor General and the NAO can fulfil that role.

I support the motion and Sir Andrew Likierman's appointment as the first independent chairman of the new National Audit Office.

Question put and agreed to.

Independent Parliamentary Standards Authority

12.58 pm

The Leader of the House of Commons (Sir George Young): I beg to move,

That Ms Angela Eagle be appointed to the Speaker's Committee for the Independent Parliamentary Standards Authority in place of Hilary Benn, until the end of the present Parliament, in pursuance of Schedule 3 to the Parliamentary Standards Act 2009, as amended.

The Speaker's Committee for IPSA is a statutory Committee set up under the Parliamentary Standards Act 2009, and its role and membership is determined by that statute. It has two key responsibilities: to consider the candidates proposed by the Speaker following fair and open competition for the posts of chair and members of IPSA, and to approve IPSA's annual estimate of resources. The Speaker's Committee's current membership includes you, Mr Speaker, the Chair of the Standards and Privileges Committee, and me, by virtue of our offices. Its membership also includes five Members of Parliament appointed by the House and three lay members appointed by the House in January 2011.

The motion was tabled at the request of the Opposition. It will remove the right hon. Member for Leeds Central (Hilary Benn) from the Committee and add the shadow Leader of the House in his place. This is a matter for the Labour party and the Government are happy to facilitate it. As a member of SCIPSA, I would like to thank the right hon. Gentleman for his work on the Committee, including in some lively meetings under your chairmanship, Mr Speaker. I look forward to welcoming the hon. Member for Wallasey (Ms Eagle), should the House agree to the motion, to the Committee. I know that she will add great value to our proceedings.

I commend the motion to the House.

Question put and agreed to.

Common European Sales Law

1 pm

The Parliamentary Under-Secretary of State for Justice (Mr Crispin Blunt): I beg to move,

That this House considers that the Draft Regulation of the European Parliament and of the Council to introduce a Common European Sales Law (European Union Document No. 15429/11 and Addenda 1 and 2) does not comply with the principle of subsidiarity, for the reasons set out in Chapter 5 of the Forty-Seventh Report of the European Scrutiny Committee (HC 428-xlii); and, in accordance with Article 6 of Protocol (No. 2) of the Treaty on the Functioning of the European Union on the application of principles of subsidiarity and proportionality, instructs the Clerk of the House to forward this reasoned opinion to the Presidents of the European Institutions.

I will start by making some general contextual comments. I am pleased that this debate has been called because the proposed common European sales law is important both politically and legally. I know that it is of interest to Parliament and the public.

This debate makes use of article 6 of protocol 2 to the Lisbon treaty, the subsidiarity protocol, which enables national Parliaments to put forward a reasoned opinion challenging a proposal by the European Commission on the grounds that they do not consider that it complies with the principle of subsidiarity. I believe that this is the fourth time that this House has considered such a motion. The first three related to financial services and this is the first in the area of justice. I note with interest that a debate on the same proposal was held in the German Bundestag last week, where it was accepted unanimously that the proposal for the common European sales law was contrary to the principle of subsidiarity. I am sure that fellow member states and their Parliaments will listen with interest to what is discussed and concluded here today.

I should make it clear at the outset that the drafting of a reasoned opinion is a matter for Parliament, not for the Government. The European Union treaties have given the role of the supervision of subsidiarity to national Parliaments. It is therefore Parliament's task to decide whether to present such an opinion to the European Union institutions. I should also say that the Government are considering a report by the Procedure Committee relating to the handling of reasoned opinions such as this. I hope that the House will understand if I do not speculate on what the outcome of those considerations will be.

Subsidiarity is a word that we hear much about when dealing with European legislative proposals. It may assist the House if I say a few words about it. The concept is defined in article 5 of the treaty on European Union:

"in areas which do not fall within its exclusive competence, the Union shall act only if and in so far as the objectives of the proposed action cannot be sufficiently achieved by the Member States, either at central level or at regional and local level, but can rather, by reason of the scale or effects of the proposed action, be better achieved at Union level."

It follows that subsidiarity is a specific legal and political concept. In simple terms, it means that decisions should be taken as closely as possible to the citizens whom they affect, and that the European Union should act only when outcomes can be better achieved at European Union level. Subsidiarity is different from the principle of proportionality, under which any action taken by the European Union should not exceed what is necessary to achieve the stated objectives.

Successive Governments have supported the principle of subsidiarity. I am told that the United Kingdom pushed for it to be strengthened in the Lisbon treaty. The treaty includes a requirement that all legislative proposals should include a statement making it possible to appraise their compliance with the principles of subsidiarity and proportionality. It also introduced the power for national Parliaments to transmit reasoned opinions relating to subsidiarity, such as that which we are debating today. The European institutions—the Commission, the Council and the European Parliament—are obliged to take account of all such opinions.

Moreover, if one third of the national parliamentary chambers throughout the European Union submit such opinions, the Commission must review its proposal. I do not think that any proposal has yet been objected to by a third of the national parliamentary chambers. If that did happen, it would represent a powerful political signal, which the Commission would do well to heed. It cannot be denied that one third is a high threshold. To achieve it will require a great deal of co-ordination between national Parliaments. As I have said, this is a matter for Parliament and not for the Government. I can only encourage the European Scrutiny Committee and other interested parties in Parliament, both in this House and the other place, to make the best use of their contacts with other national Parliaments in this regard.

Stephen Phillips (Sleaford and North Hykeham) (Con): Will the Minister give way?

Mr Blunt: I would like to give my hon. and learned Friend the chance to make his substantive comments in the course of the debate and I will then reply. However, if it is a question on the point that I was making, I will of course give way.

Stephen Phillips: I am extremely grateful to the Minister for giving way. Will he indicate for the House how many Parliaments, apart from the Westminster Parliament, have asked for a reasoned opinion to date?

Mr Blunt: My hon. and learned Friend was unhappily absent at the beginning of my remarks, when I reported to the House that the Bundestag gave a unanimous opinion last week that this proposal was contrary to the principle of subsidiarity. I am not aware of any other parliamentary chambers that have undertaken to do so. To illustrate the difficulty of achieving the level of one third of chambers taking a view and reporting a reasoned opinion, the Bundesrat has not taken a view. Therefore, of the two German Chambers, only one, the Bundestag, has taken a view. Only half of the German Chambers have taken a view, whereas the hurdle that has to be achieved is a third of national parliamentary chambers. My hon. and learned Friend will understand that it is quite a hurdle in those circumstances. Of course, it is a matter for the other place whether it takes a view on this matter.

You will be aware, Mr Speaker, from reading the Government's explanatory memorandum on this proposal that, provided that it is demonstrated that the difference

in national contract laws is a genuine obstacle to cross-border trade, the Government's view is that the subsidiarity test is likely to be met. The Government do, however, share the European Scrutiny Committee's concerns about the necessity for this proposal in the first place. We question whether an optional common European sales law or one with such a wide scope is the right way to address this issue. These matters will form part of the consultation that the Government plan to hold. I shall therefore listen to Members' views with great interest.

I will now turn to the substance of the proposed regulation. This proposal has a long history. The European Commission and the European Council have been engaged in the general issue of contract law for a decade or so. I believe that the European Parliament's involvement stretches back even further. The European Union contract law project lay dormant for some time, but gained momentum again in July 2010 with the publication of a Commission green paper on options for progress towards an EU contract law for business and consumers.

The green paper set out various options for reform, including to continue with the development of a legislators' toolbox. That would provide a common frame of reference, drawing together the most common concepts and terms used in contract law, which would be the commonly agreed basis to be used by the authors of future European Union laws relating to contract law. The aim of that would be to reduce or remove the current differences and the difficulties that they cause. The green paper invited views on seven options, from a specific directive or a regulation providing an optional European Union-level regime, right through to a mandatory black letter European code of contract law. The conclusion of the Commission green paper's analysis, and of views received on a feasibility study published by the expert group in May, have culminated in the proposed regulation for a common European sales law.

More recently, the Commission's proposal was published on 11 October. It contains a set of uniform contract law rules that parties to a contract could choose to govern their contract. The use of such rules would be optional, but that optional law would form part of the national law of each member state and could be used as an alternative to what is currently offered under national law. That alternative regime would be available for cross-border business-to-consumer and business-to-business contracts when at least one party was a small or medium-sized enterprise.

Although the Government intend to consult widely on the detailed policy implications of the proposed regulation, our initial assessment indicates that it would be neither simple nor easy to use. Although it is designed to be free-standing, it remains unclear what relationship it would have with other Union laws such as the Rome I regulation. It also seems that a range of matters that could affect the legal relationship between the parties have not been addressed in the proposed regulation. That has the potential to undermine the aim of removing the need for businesses to incur transaction costs on legal advice on another country's law.

The scope of the proposal could prove difficult, with its wide application to business-to-business and business-to-consumer contracts whether they are concluded at a distance, away from business premises or on the premises. The Government are not sure whether such an all-encompassing regulation is the correct way to address the different problems that traders and consumers may experience. In addition, current arrangements already provide that any state's law can be chosen as the law of contract. In that sense, a trader could already choose which law to apply to his or her contract, and in most cases that is likely to be their own. The anticipated net value of the regulation remains to be tested and quantified against the costs of introducing a new law.

The Government are also concerned about the treaty base used in bringing the regulation forward. The proposed legal basis is article 114 of the treaty on the functioning of the European Union. That basis is normally used for harmonising laws in order to further the establishment of the internal market. The Government have doubts about the appropriateness of that, particularly as most other optional instruments that operate in parallel to domestic law are brought forward on other legal bases.

The Government have been working closely with interested parties through the process leading to the proposed regulation. Indications so far are that opinion is divided. Some interested parties see an optional contract law for cross-border sales as a potentially useful tool for aiding the internal market, but others see such a new law as risky, over-complex and unnecessary.

The Government intend shortly to consult United Kingdom interests on the proposed regulation. The views received will be used to develop and inform the Government's position on the likely impacts of such a regulation, as well as on any benefits or disadvantages that are likely to occur for the various sectors that it could affect. We will not form a concluded view on our approach to the proposal until after the consultation has been concluded and there has been proper time to analyse the results. For today, I am of course grateful for the chance offered by the debate to hear the specific concerns that Members may have.

1.13 pm

Mr William Cash (Stone) (Con): I am grateful to the Minister for his comments. As he knows, the European Scrutiny Committee's conclusion is that the proposal does not respect the principle of subsidiarity. I heard what he said about the difference between the two chambers in Germany. We know that the Bundestag takes the same view as us, and the fact that the Bundesrat does not fails to alter the fact that there is a powerful reason for us to pursue the points that led to the reasoned opinion that we are submitting.

Many organisations have been consulted or have offered evidence on the matter, and their evidence is very powerful from a practical point of view. I have in mind the evidence of Which?, Consumer Focus, the Federation of Small Businesses and the Law Society. It would be invidious to go through each of the objections and arguments that they have made, but in general there are questions about whether there is clear evidence that the regulation is needed and about legal uncertainty, cost and potential confusion.

There is no doubt that throughout the whole business community, there is grave concern about the range and extent of such a provision. In a nutshell, the question whether there is compliance with the principle of subsidiarity is essentially one of practicality as much

[Mr William Cash]

as of constitutional propriety. The whole object of subsidiarity is to determine whether a matter is better handled at national level than under the aegis of the European legal framework. It remains to be seen whether other national Parliaments enable us to reach the threshold necessary for the matter to be returned to the Commission, but all the evidence that we have received demonstrates that the UK should adopt the reasoned opinion and send it to the presidents of the Commission, the Council of the European Union and the European Parliament before 12 December.

All the arguments are set out in the papers that are in the Vote Office. As I said, I do not think it is necessary or desirable to take the House through every jot and tittle of them—they are so powerful that I really do not think there is any need for me to do so. I would, however, say that it is axiomatic that an optional sales law common to all member states is something that can be better achieved at EU level than at national level. However, that is to assume that the proposed common sales law is necessary and will produce clearer benefits by reason of its scale and effect than action by member states. Based on the evidence to which I have referred, the European Scrutiny Committee doubts whether either requirement has been met.

In addition, the Committee finds that the Commission has again failed to prepare a detailed assessment, in accordance with article 5 of protocol 2 to the Lisbon treaty. That is a very important point. It makes it exceedingly difficult for national Parliaments to determine whether there has been compliance with the principles of subsidiarity within the eight-week period. We were greatly assisted in this case by the submissions that we received from the organisations in the UK to which I have referred. Where their concerns overlapped, we found that there was a convergence of views. That was particularly instructive and helpful to the Committee, and we are grateful for that. In fact, I would go further and say that I wish more business organisations would make submissions more frequently on many such matters that come before my Committee. It is one thing for us to form a judgment, but it is also extremely important to know that it is based on firm practical considerations.

The Commission's failure to provide a detailed statement amounts, in our view, to an infringement of the essential procedural requirements laid down in protocol 2. We therefore recommend that the House adopt a reasoned opinion to be sent to the Presidents of the Commission, the Council and the European Parliament before the deadline of 12 December. We retain the draft regulation under scrutiny pending a further update on the negotiations, and we are particularly interested to hear the outcome of the discussions on the appropriate legal base. As far as we are concerned, the communication itself can be cleared from scrutiny.

I therefore submit that the draft reasoned opinion of the House should be adhered to and submitted accordingly, and that we should do all in our power to get as much support as possible from other member states, because of the serious breaches of the procedural arrangements and because of the breach of the subsidiarity principle. I look to the Government to do that.

1.19 pm

Tom Brake (Carshalton and Wallington) (LD): I rise briefly to highlight some concerns with the proposals. The perspective of Which? and Consumer Focus is that the different contract laws do not stop consumers or businesses from cross-border trading to any significant degree. It is not clear that the proposal would lead to an expansion of such trade, and it could lead to greater complexity and therefore increase business transaction costs.

There is no legal certainty that the measure would be applied uniformly across the EU. It therefore has the potential to create legal uncertainty and confusion for customers, and it would not provide them with choice, because they would continue to be limited to accepting the contract offered to them by the supplier.

There are grave reservations in relation to the potential for the measure to lead to back-door harmonisation of contract law. I am sure that if my right hon. Friend the Member for Bermondsey and Old Southwark (Simon Hughes) had been in a position to stay for the whole debate, he too would have made those points.

I understand the Government's perspective of subsidiarity, but the measure is an optional change, not an imposed one. Can subsidiarity in all cases overrule something that is optional and not mandated? The Minister rightly said that the regulation would not be simple to use and that complexity is involved, but have the Government assessed whether the proposal is more complex than the current legislation? Do they recognise that the Federation of Small Businesses says that small businesses need to be able to afford to compete in different markets in the EU?

The proposal raises many more questions than it resolves, and therefore a detailed and extensive consultation is required.

Mr Cash: I rise simply to say that the City of London corporation has also provided a method of objection and to add it to the other representative organisations I mentioned.

Mr Speaker: Order. There is some confusion here. I think the hon. Gentleman either thought or hoped he was intervening on the right hon. Member for Carshalton and Wallington (Tom Brake), but the latter is signalling that he has concluded his remarks. I am sure that that fact will be of close and abiding interest to the hon. Member for Stone (Mr Cash), knowing what a great interest he takes in the observations of other hon. Members.

1.23 pm

Stephen Phillips (Sleaford and North Hykeham) (Con): I rise to make a short contribution to the debate, and to make some of the points that were made to my hon. Friend the Member for Stone (Mr Cash) and others on the European Scrutiny Committee by the City remembrancer of the City of London, who has provided us with a briefing that contains a number of salient observations on the measure, which are important for the House to consider in deciding whether the motion should carry.

The first and most worrying of those observations—I attribute these views not at all to the City of London or the City remembrancer; these are my words—is that there is considerable concern that the measure is the

thin end of a uniform contract wedge that is being deployed by the Commission in an attempt to undermine the universality of English contract law, which is used in transactions not only between businesses within the EU but across the world, where, alongside New York law, it is the predominant way in which international trade is regulated. I should like to hear more from the Minister on that.

Were there any doubt that the Commission has in mind that the proposed regulation is the thin end of a uniform contractual wedge, it would be removed by article 15, which makes clear that the Commission would be obliged to review the measure after five years,

"taking account of...the need to extend the scope in relation to business-to-business contracts, market and technological developments in respect of digital content and future developments of the Union acquis."

Given that the Justice Commissioner has already indicated that he plans to announce consideration of a European common insurance law next year, there ought to be grave concern on both sides of the House that the measure is the first step in an attempt to impose upon this country a uniform European contract law. I suspect that many hon. Members would be extremely concerned about that.

The second concern to which it is worth drawing the House's attention is the speed with which the draft regulation was drawn up. It was drawn up in a very short period of some 11 months by a so-called expert group which, I must tell the House, consisted predominantly of academics. It consisted for the most part not of those who actually practise law or indeed of those who would have the option to use this contract law were it to be introduced. In those circumstances, if the proposals were to go ahead, there would, in my respectful view, need to be a much greater consideration of what practitioners have to say on the subject of contract law and the draft regulation, and a much greater consideration of what business wants.

Those are two initial concerns about the regulation, but there are others. Essentially, the regulation would establish an optional contract law that would lie alongside national contract law, but that could cause conflict between almost identical contractual situations as they apply between those who are negotiating within the EU, and possibly even between those within member states. The position would essentially be that someone who selects the option of the EU contract law might gain greater rights than someone who does not do so—the latter, through the application of conflict of laws rules, would have the contract containing his rights and obligations subjected to some wholly different system of law. That must be a grave concern, because it could result—naturally—in different decisions being taken by national courts in relation to precisely the same facts, depending on which law applies. That might be acceptable when the laws that apply are of different nations, which would be selected pursuant to established conflict of laws rules, but it cannot, in my judgment, be acceptable when the laws in question are on the one hand common law, as in this country, and on the other hand an optional community contract law, both of which none the less hold sway in the same jurisdiction. That is therefore a very great reason why the measure is not in the interests of the City of London, or of this or any other European country.

Establishing a new contract law—even one that has been written by a group of academics—is, moreover, destined to lead to much greater litigation, uncertainty, increased costs, and increased transactional costs, because there will be no established body of law and no binding juridical opinion by reference to which those who are obliged to be consulted on difficult legal problems arising out of contracts can form settled views as to the correct answer in respect of their clients' rights, entitlements and obligations.

Growing that body of law—it could grow only in this country, where we have a system of precedents—could take several decades. If small and medium-sized enterprises, and perhaps even larger businesses, adopted the optional contract law, their rights and obligations would necessarily be unclear during that time. That is not only most unsatisfactory from the perspective of those who seek to do business in international markets, but wholly unsatisfactory from the perspective of the development of the law.

Mr Cash: On the question of legal base, does my hon. and learned Friend recall that originally the Secretary of State for Justice took the view that he had doubts over whether article 114 was appropriate? There was then the question of whether article 352 might not be more appropriate. Unfortunately, because of the enactment of the European Union Act 2011, primary legislation had to be passed before the Government could give their consent to the adoption of the proposal on article 352. Therefore, there is a serious question over whether there has been complete compliance not only with the principle of subsidiarity but with the legal base.

Mr Speaker: The principle of subsidiarity is important, but there is also a very important principle of interventions, and that is brevity.

Stephen Phillips: I am extremely grateful to my hon. Friend for his intervention, brief or not. I will not fall into his elephant trap of discussing what precisely is necessary under the European Union Act 2011, but I will say that I agree with him. It is right that there is no justifiable legal base under article 114, not least because the European Court of Justice has itself made it clear that that article cannot be used for the harmonisation of laws within the European Union.

I was on the point of saying that there is a real problem with running in parallel two systems of contract law, particularly where that might lead to different results and where one has not been the subject of extensive judicial consideration. In such a case, it is inevitable that there would be differences of opinion among those who are called on to provide advice on the rights, obligations and entitlements of parties to contracts, and they are the ones who are subject to this new system of optional contract law were it to be in place. For those reasons, it must be entirely right that we should not seek to accommodate the Commission's proposals to have in place two parallel systems of contract law in this country. That would be detrimental to the interests of the United Kingdom and consumers and businesses all over the European Union. For those reasons, I urge the Minister to make those points as strongly as he can to his colleagues in Europe, and I make those points, albeit

[Stephen Phillips]

through you, Mr Deputy Speaker, to the other national Parliaments who really need to require the Commission to justify its proposals.

1.32 pm

Robert Flello (Stoke-on-Trent South) (Lab): This is not a new matter. In European Committee B, which met on 24 May, the Under-Secretary of State for Justice, the hon. Member for Huntingdon (Mr Djanogly) noted that European contract law had been more than 10 years in its formation. Indeed the Minister has referred to that again today. Despite the length of that period, the actual draft law has been put together in some haste.

In the Committee, I raised a number of concerns and expressed the view that the Commission had not come up with any reliable evidence for its proposals; that many other barriers to trade need to be addressed as more of a priority than this issue; and that adopting another set of contract rules was unnecessary and possibly harmful.

The Committee was supportive of the toolbox approach, but not more. According to the *Hansard* report of that Committee, I said that I was concerned that the exercise on the Commission's part, namely the green paper and the whole thrust of things, seemed to be a way of trying to push through option 4 instead of doing what it should be doing, which was putting together the toolbox. I therefore urged the Under-Secretary of State to go back to the Commission and make representations in the strongest terms to get things back on track and promote the toolbox and not the draft contract law. What has changed since May? Sadly, I think nothing positive has changed and so the Opposition agree that a reasoned opinion should be sent to the presidents of the European institutions, in effect, to reject the draft regulation.

The draft European sales law has caused a great deal of concern for many individuals and organisations and little support appears forthcoming from any quarter. Let me be gently mischievous here and suggest that other than the Lord Chancellor—whose generally Europhile stance accords with that of his party—I am not aware of any quarter where this particular proposal has received any positive comments at all.

The aim of the proposed regulation seems laudable enough. It is to reduce what the EU perceives as barriers to cross-border trade and thereby improve the ability of traders to exploit the common market and help consumers gain access to products across member states. That is all very laudable in theory, but let me explore that aim.

The evidence base from the European Union seems flimsy to say the least. Evidence from UK representative organisations shows just how weak the EU research appears to be. The survey of the Federation of Small Businesses demonstrated that just 18% of its members thought that a European Union sales law would make their life easier, but that seems to me to be a very low figure given the aims of the regulation.

The consumer organisation Which? opposes the regulation, saying that the proposed law would not contain a satisfactory level of consumer protection, that there would be a risk to consumer protection both cross-border and domestically, and that there would not be a resultant increase in cross-border trade to benefit consumers.

That view is supported by various Eurobarometer and Flash Eurobarometer surveys that show fairly comprehensively that the problem is not the absence of a common EU sales contract. Consumer Focus does not support the Commission's proposals because of insufficient evidence of need, legal uncertainty and cost. We know, therefore, that there is no proven case for bringing in this regulation.

Let me now turn to the issue that has vexed many commentators and is the basis of the reasoned opinion—subsidiarity. Subsidiarity is crucial, and I will not repeat the Minister's explanation of this term, which was very good. As I have said, the evidence from the Commission is poor, and that lack of evidence in itself breaches the requirements of article 5 of protocol 2 of the treaty on the functioning of the European Union. As well as breaching the procedural requirements, the proposed regulation breaches the principle of subsidiarity. We are clearly on unsound foundations when looking at this proposed regulation and we all know what happens, especially in a European context, when things are built on insufficient foundations.

I hope that other Parliaments take a similar view and that they hear the views expressed today. Will the Minister assure the House that the Government will actively seek to persuade other European Union member Parliaments that they too should approach this matter in a similar way?

I could explore the issues around legal complexity and legal uncertainty. I could elaborate on the impact on domestic contract law where cross-border trading puts domestic traders at a competitive disadvantage. I could raise the damage that may arise to consumer rights from bringing in this proposed EU sales law, which would actually set back the improvements that we have seen. However, given that the House seems to be unanimous in wishing to see this draft regulation sent back to the European institutions with the reasoned opinion opposing it, I am content to draw my remarks to a conclusion.

In closing, may I commend those who have served on European Committee B and urge the Government to apply pressure at a European level—perhaps with the support of others in Europe—to ensure that we do not have to consider poorly evidenced proposals again? On that basis, let me say I do not wish to delay the House any further or object to this motion.

1.38 pm

The Parliamentary Under-Secretary of State for Justice (Mr Crispin Blunt): With the leave of the House, Mr Deputy Speaker, let me reply to the points raised in the course of this debate. I have taken careful note of all the points raised and they will of course further guide our work as we consult on this proposal in the next phase. As the House is aware we will have a proper public consultation on the proposed regulation in the new year. I know, however, that our general approach to this dossier has to date been supported by the scrutiny Committees in both Houses.

Let me pick up the particular points that have been made this afternoon. I commend my hon. Friend the Member for Stone (Mr Cash) and his Committee for the work that they have done on this instrument. I particularly welcome his contribution to the debate

today. He drew attention to the contributions that have already been made by Consumer Focus, the Federation of Small Businesses and the Law Society. I want to answer the Opposition spokesman's characterisation of the position—he said that absolutely no one out there thinks there is any merit in this measure apart from the Lord Chancellor—which is wrong on both counts. However, I will return to that and correct him.

My hon. Friend the Member for Stone made a substantive point in an intervention on my hon. and learned Friend the Member for Sleaford and North Hykeham (Stephen Phillips), who confirmed that he was entirely right to say that if article 352 were used, the European Union Act 2011 would require an Act of Parliament before a Minister could agree to it. The legal base is therefore important, and I have made clear the Government's views, including our doubts about whether article 114 applies, which is an entirely open question.

My right hon. Friend the Member for Carshalton and Wallington (Tom Brake) asked whether the Government had assessed whether the new law would be more complex than that which currently exists, whether businesses could choose to opt into the process and whether that would leave them in a better position. There is a concern that having two alternative regimes could lead to confusion. It might also be too complex for many consumer transactions. The existing common law emphasises certainty—a point made by my hon. and learned Friend the Member for Sleaford and North Hykeham—but the law proposed in this case does not appear to have that emphasis. Again, this is an area where we need detailed legal analysis, which is ongoing. We will consider the views of interested parties, many of whom have significant expertise in this area.

That is an appropriate note on which to turn to my hon. and learned Friend. He drew on the remarks of the remembrancer of the City of London, who has suggested that the proposed measure might be the thin end of a wedge intended to introduce European contract law, thereby undermining the universality of English contract law. It is important to draw attention today—when Her Majesty is opening the Rolls building, a new and impressive commercial court—to the extremely extensive service that the legal profession in London provides to the entire world of commerce. That point ought to be given importance in our consideration of this matter.

As to whether this measure is the thin end of the contract wedge, I should point out that the scope of the draft regulation has been narrowed since the initial discussions began some years ago. The proposal that we are discussing covers the sale of goods and does not extend more widely into contract law. We would have to address any such proposals carefully, and will watch extremely closely if any proposals are made to widen the scope. Each will be considered on its merits. I can also reassure the hon. Member for Stoke-on-Trent South (Robert Flello), who spoke for the Opposition, that my right hon. and learned Friend the Lord Chancellor and I—and, indeed, the whole of Her Majesty's Government—see no need for a general system of European contract law.

The tenor of the argument produced by my hon. and learned Friend the Member for Sleaford and North Hykeham was extremely clear, as was the expertise that he used to make it. He made a powerful point about the potential for increased transactional costs, not least because lawyers would face considerable difficulties in giving clear advice to small and medium-sized enterprises. He very properly pointed out to the House that if the measure were introduced, the cost of growing case law in this area to provide the necessary certainty would lead to a process that might take decades. The businesses using this form of law would bear the costs, as they would find out—either to their cost or otherwise—through the legal process of testing its bounds.

Finally, let me repeat, so as to make it perfectly clear, that the hon. Member for Stoke-on-Trent South wholly misrepresented the views of the Lord Chancellor. *[Interruption.]* I am grateful to hear the hon. Gentleman's sedentary reassurances on that point, but it would be a service to the House if in future he did not seek to misrepresent positions that he plainly does not appreciate or understand. He then said that absolutely nobody was in any way positive about this measure. He was wrong about that as well.

Robert Flello: I am sure that the Minister normally follows every word I say very closely, but sadly he must have been distracted when I said that there was very little support outside. I did not say that there was no support, because the Federation of Small Businesses has said that it supports the measure. However, I reiterate the point that only 18% of people think that it would make a difference.

Mr Blunt: I am grateful for that intervention, because I had misheard the hon. Gentleman and would not want to mischaracterise his arguments. He makes the point that I was coming to, which is that the Federation of Small Businesses says in its submission that it sees an argument in principle for the measure, a point that was reflected in what my hon. Friend the Member for Stone said. In a sense, it is axiomatic that, at the European level, there would be a case for such a measure. The FSB has made it clear that its support for a common European sales law is dependent on its being clear and simple for small and medium-sized enterprises to use, without placing unreasonable burdens on business. We will look closely at those details in the consultation.

I can assure right hon. and hon. Members that any development in the Government's position on the dossier will be made on the basis of good evidence of need and a robust analysis of the impacts. The Government will pay particular consideration to whether the proposed regulation is a proportionate response to the problems envisaged by the Commission, whether that response complies with subsidiarity and whether the treaty base is appropriate for the measures proposed. We will work with all those most affected by the change, engaging with business and consumer groups in particular. I hope and expect that we will incorporate contributions from Governments in other member states and from the European Parliament.

Let me answer the point made by the hon. Member for Stoke-on-Trent South, who suggested that Her Majesty's Government should go around trying to encourage Parliaments in other member states to take an interest. We do not think it proper for Her Majesty's Government to do that. Indeed, he will have heard the suggestion in my opening remarks to the effect that parliamentary groups and authorities should take up the challenge that he has thrown down to them. Given the law of

[Mr Blunt]

unintended consequences, I fear that if the Government tried to do that, it might be less convincing than fellow parliamentarians trying to act on other national Parliaments, which might be rather more effective.

Henry Smith (Crawley) (Con): It is indeed important that our Parliament should liaise with EU Parliaments on that point. Last week I had the pleasure of meeting some Danish parliamentarians—my counterparts on their equivalent to the European Scrutiny Committee—who are also opposed to this European measure. It is important that those representations are made through you, Mr Deputy Speaker, to other European Assemblies.

Mr Blunt: I think you have just had a request for action, Mr Deputy Speaker, from my hon. Friend the Member for Crawley (Henry Smith). I commend the work done by members of the European Scrutiny Committee, who have done a particularly good job here. We are going to work with Members here and in the other place and, of course, with the European Scrutiny Committee in taking forward work in this area.

Question put and agreed to.

Resolved,

That this House considers that the Draft Regulation of the European Parliament and of the Council to introduce a Common European Sales Law (European Union Document No. 15429/11 and Addenda 1 and 2) does not comply with the principle of subsidiarity, for the reasons set out in Chapter 5 of the Forty-Seventh Report of the European Scrutiny Committee (HC 428-xlii); and, in accordance with Article 6 of Protocol (No. 2) of the Treaty on the Functioning of the European Union on the application of principles of subsidiarity and proportionality, instructs the Clerk of the House to forward this reasoned opinion to the Presidents of the European Institutions.

London Local Authorities Bill [*Lords*]

Consideration of Bill, as amended

Clause 3

POWERS EXERCISABLE BY POLICE CIVILIANS AND ACCREDITED PERSONS

1.50 pm

Mr Christopher Chope (Christchurch) (Con): I beg to move amendment 5.

Mr Deputy Speaker (Mr Nigel Evans): With this it will be convenient to discuss amendments 6, 8, 7, 9 to 14, 21 and 35 to 39.

Mr Chope: This Bill has been before the House for four years. Earlier this year, it went through an Opposed Bill Committee and as a result of the diligent work of its Chairman, my hon. Friend the Member for Great Yarmouth (Brandon Lewis), and its members, including my hon. Friend the Member for Chatham and Aylesford (Tracey Crouch) and the hon. Members for Scunthorpe (Nic Dakin) and for Gateshead (Ian Mearns), some of the clauses that were a cause of concern on Second Reading were removed. Many of those clauses were the subject of petitions.

Sadly, however—this is no criticism of the Opposed Bill Committee—sufficient consideration was not given to the clauses that were unopposed in the sense that they were not the subject of petitions. It is incumbent on us as legislators to assure ourselves that we are satisfied with the contents of these private Bills and that those contents are consistent with the principles that we apply to our law in general. What the Bill tries to do—this is why it is a private Bill—is to create a separate legal regime among the 33 London authorities or in certain circumstances just within the City of Westminster. As I say, it is incumbent on us to pay careful attention to the detail. That applies particularly to the powers relating to penalty charges, enforcement and recovery of costs—the powers that are dealt with in this group of amendments.

Amendment 5 to clause 3 would insert after "payable" in line 14 of page 3

"by the person being served".

The fact that that phrase is omitted from the Bill exemplifies what I would describe as the sloppy, haphazard drafting, which often happens with private Bills. I think that when a private Bill has been before Parliament for four years, it should have been tidied up. Clause 3(1) reads at the moment:

> "Where a designation order under section 38 of the Police Reform Act 2002 applies paragraph 1 of Schedule 4 to that Act...to any person, that person shall have the power of a borough council to serve a penalty charge notice...where he has reason to believe that a penalty charge is payable to the borough council".

It does not say that he has to believe that the penalty charge notice is payable by the person on whom the notice is being served. It seems to me that that is pretty basic material, and that we should not have people going around serving penalty charge notices on people they do not believe to be the persons to whom the penalty charge applies.

Jacob Rees-Mogg (North East Somerset) (Con): Is it really the case that the Bill as drafted means that these officers could go around willy-nilly serving charges on people who had nothing to do with the penalty committed? Is my hon. Friend not absolutely right to say that this shows the shoddy drafting of the legislation?

Mr Chope: My hon. Friend is absolutely right to say that that would be the consequence and that it indicates the shoddy drafting. One has to ask why the provision is so broad brush. That is why I tabled amendment 5. It is only a small amendment; it does not address all that I think is wrong with clause 3, but it would at least remove part of the wide ambit and prevent people who have not been the subject of penalty charges from being served with penalty charge notices. One might ask whether it really matters if penalty notices are served on people who should not be served with them. It does if we also look at clause 4. If the person being served with a penalty charge notice to which he should not be subject, as he has been wrongly accused of having liability for it, is asked to give his name and address and refuses to do so, he then becomes under clause 4 a criminal and is liable to a summary fine on strict liability of up to £1,000.

Mr Greg Knight (East Yorkshire) (Con): I hope my hon. Friend will forgive me for saying this, but could it not be argued that his amendment, too, is guilty of sloppy drafting? What would happen if his amendment were accepted and the responsibility belonged to a body corporate? Surely it would mean that the person serving the notice could not hand it to a director, but would have to post it or deliver it to the company's registered office. That is what would happen if my hon. Friend's amendment were accepted.

Mr Chope: If a body corporate were liable for the penalty charge, it could be served on its director. My right hon. Friend, who will have looked assiduously at the Bill, will know that there are references in clause 20 to the liability of directors for offences committed by a body corporate. I am not sure, therefore, that my amendment would be out of order in that sense. I think it would improve the Bill, given that the issue of corporate liability is covered by clause 20. Although I say it myself, I believe that amendment 5 will bring about a modest improvement in the drafting.

Amendment 6 is the second in the group; it would leave out subsection (2) of clause 3. That subsection talks about giving these powers, to which I have already referred, not just to the police or police community support officers, but to an "accredited person". It proposes to make these significant powers available to anybody who is an accredited person. My amendment would leave out the provision to enable those accredited people to have the powers given to PCSOs.

Amendment 7 would likewise leave out subsection (3), which is consequential, as it states:

> "An accreditation may only specify that subsection (2) applies to an accredited person"

and so forth. That will be taken out, so that clause 3 would not apply to accredited persons.

Mr David Nuttall (Bury North) (Con): Can my hon. Friend explain who accredits those persons? How do they become accredited?

2 pm

Mr Chope: That is a very good question, but it is probable that only the promoters of the Bill can answer it definitively. It seems to be a rather murky area. I do not think that we should build up a bureaucracy in this country in which a lot of officials are going around with powers to ask people for their names and addresses and to ensure, if they refuse to give them, that they are subject to criminal penalties including fines of up to £1,000, when it is not known who those officials are. There will be plenty of opportunities for bluff and bluster. Who will do the accrediting, how will those who do the accrediting be made accountable, and who will know who they are? I trust that my hon. Friend the Member for Finchley and Golders Green (Mike Freer), will be able to respond to those and other questions, because I understand that there is a fair amount of support among the Bill's supporters for an extension of the powers to accredited people.

I think that the answer to my hon. Friend's specific question can be found in the schedule to the Police Reform Act 2002 that contains definitions relating to accredited persons. However, I must admit that the interaction between those definitions and what is in the Bill is not exactly as plain as a pikestaff to me.

Mr Knight: I am grateful to my hon. Friend for giving way to me again. He is being very generous.

We all know that a police officer who is involved in the issuing of a fixed penalty ticket will have been trained in the rules of evidence, and will know that the starting point should be a presumption of innocence. What assurances does the Bill give us that an accredited person will have been given similar training in our law? Does it contain any provision to prevent a local authority from putting an accredited person on a pay scale enabling that person to receive a bonus based on the number of tickets that he or she issues? In other words, might the accredited person have a vested interest in giving out tickets willy-nilly, even when no offence has been committed?

Mr Chope: My right hon. Friend has made a powerful point. There is evidence that local authorities have given just such financial incentives to their officials, based on the number of people to whom they can issue tickets for offences, or alleged offences. The Bill would give those same officials an additional power to issue penalty notices.

One of the weakest parts of the "accredited person" concept, which does not apply under the present law, is that someone who declined to give his name and address to an accredited person would be guilty prima facie of an offence, but the accredited person himself would have no power of arrest. What would he do then? Would he just wait there? If he were a police community support officer, he would be able to ask the person to wait for up to half an hour for a police officer to arrive, and the police officer could exercise his own power to arrest the person concerned for not having given his name and address. However, no such power extends to accredited persons. This provision would not work in practice, and I do not think that it has been thought through by the promoters.

Jacob Rees-Mogg: I am grateful to my hon. Friend for giving way again. Perhaps he could answer two questions. First, will the accredited people have to wear a uniform of any kind? I wondered whether they might wear bowler hats, for instance, so that it would be clear that they were from the council—proper, thoroughgoing bureaucrats. Secondly, would an accredited person who used his bowler hat to detain someone whose name he wanted be potentially guilty of false arrest?

Mr Chope: The answer to my hon. Friend's second question is yes. As for what uniform would be appropriate, I think that there is much to be said for requiring the accredited people to wear bowler hats, because they could be easily identified. People would know when an accredited person was approaching, and would be able to scarper. There is a lot of common sense in that suggestion from my hon. Friend. A better solution, however, would be not allowing the Bill to extend the power to accredited persons in the first place.

Amendment 8 mirrors amendment 5, again proposing the insertion after the word "payable" the words

"by the person being served".

I do not think that I need go into it further.

Philip Davies (Shipley) (Con): Why not?

Mr Chope: I am grateful to my hon. Friend for his sedentary intervention, because it has given me an opportunity to welcome him to the Chamber. Unusually for him, he has been a bit late in arriving. I am afraid that he will have to look at the *Official Report* to find out what I said in support of amendment 5.

Amendment 9 proposes that clause 4 should be left out completely. Clause 4 relates to the power to require names and addresses. This goes to the heart of the whole issue of civil liberties. Increasingly in this country, we are seeing a departure from the principle that people cannot be required to give their details to anyone who comes up to them and says, "I require your name and address."

In preparation for the debate, I looked at a website called freeBEAGLES, which provides "legal advice for activists" and includes some helpful advice on when people are and are not required to give their details. For instance, it states:

"Other than under road traffic and anti-social behaviour legislation, you do not commit an offence in English law by refusing to give your name and address to the police."

The Bill refers not to the police but to accredited people and police civilians. The advice continues:

"However there are certain situations where the police may arrest you if they cannot establish your name and address"

—Members should note that it is the police who can do the arresting—

"and if you are arrested and charged with an offence you will be unlikely to be granted bail unless they can establish these details."

It adds that the general principle

"is that you never have to give your name and address to the police prior to arrest"

unless

"the police reasonably suspect you of a non-arrestable offence, and require your name and address for the service of a summons ...where you are the driver of a vehicle...where the police say they suspect you of 'anti-social behaviour'".

Philip Davies: Will my hon. Friend explain how this will work in practice? If someone who is asked for his name and address by a representative from the council makes up a name and address, what mechanism will the council have to check the information and establish whether it was genuine?

Mr Chope: At present, a council officer has no more power than any other individual. Let me cite a constituency case. Someone with a shopping trolley ran into and damaged a car belonging to one of my constituents in Christchurch. My constituent saw that the trolley had dented the car, but the person who had been pushing it then got into her own car and drove away. My constituent tried to identify the person by asking the Driver and Vehicle Licensing Agency for details of the registered keeper of the vehicle. The DVLA could not give her the details, however, because no criminal offence had been committed. It might have been accidental criminal damage, but it was a civil matter and therefore the DVLA could not release the details that would have enabled her to bring a civil action against the individual.

That is similar to the situation before us: if somebody commits a civil offence but their identity cannot be ascertained or they were not photographed, hard luck! Nothing can be done about it. Obviously if the person is driving a vehicle, specific laws apply requiring them to give their name and address to the police. *[Interruption.]* My hon. Friend the Member for Shipley (Philip Davies) looks a bit perplexed and disappointed, but if he analyses the matter, I am sure that he would agree that it would be wrong to allow people to make accusations and then immediately, on the back of those accusations, require people to give their names and addresses, and to back that up with criminal sanctions for failure to give either a name and address or an accurate name and address.

Philip Davies: I absolutely agree with my hon. Friend—I take his point and I support his amendment—but there is one thing that I still do not understand. The clause that he wants to delete states that someone

"commits an offence if...he gives a false or inaccurate name or address",

and would be liable to conviction and a fine. If his amendment is not accepted and someone gives a false name and address, how on earth would they be found out in order for a fine to be imposed?

Mr Chope: My hon. Friend makes a good point that the sponsor of the Bill may wish to address later.

Jacob Rees-Mogg: I am sorry to keep on interrupting my hon. Friend, but his speech is so compelling and raises so many fascinating aspects of each clause. If councils can find out people's names and addresses, would they need a gigantic and expensive national database of names and addresses? If so, who would pay for it—Westminster city council or Her Majesty's Government?

Mr Chope: I hope neither, but my hon. Friend is right that as sure as night follows day, what follows from this sort of power is the establishment of databases. That is very sinister.

Mark Field (Cities of London and Westminster) (Con): I sympathise extensively with what my hon. Friend says about the civil liberties issues, but on this specific matter I suspect that the official concerned would have computer

access to the electoral register and could therefore make at least a cursory check, although that might not necessarily resolve the matter. Is his concern—it is a relatively valid one, and I would be interested to hear what the promoters think—that were clause 4 to be deleted, law-abiding citizens would find themselves subject to the penalties under clause 3, while less law-abiding citizens would get away scot-free? In other words, there would be a strong disincentive for those willing to play by the rules, while others would find a way of avoiding the consequences. Although I accept his civil liberties argument, surely there is a concern that many pedlars of no fixed abode, or of an abode many miles away, could get away with such things more easily than others.

Mr Chope: My hon. Friend almost answered his own point in his preamble, when he said that this was a civil liberties issue. I think that he and I agree. If there is a civil liberties issue, on the whole our instinct is to come down on the side of maintaining the civil liberty rather than giving an arbitrary power to an official to intervene—a power that might be subject to abuse or result in oppression, and which would certainly undermine the long-standing principle in this country that people are not required to give their name and address to any Tom, Dick and Harry whom they happen to meet in the street.

Jacob Rees-Mogg: Following on from the point made by my hon. Friend the Member for Cities of London and Westminster (Mark Field), will my hon. Friend explain how somebody of no fixed abode could give a false address? If someone does not have an address, they cannot give either a right one or a wrong one. Would they be penalised simply for being of no fixed abode?

2.15 pm

Mr Chope: Again, my hon. Friend is spot on. I am not sure whether the promoters have thought about that. It seems that if someone gave their name but could not give an address—because they did not have one—they would automatically be guilty of failing to supply a name and address, if there were not the defence of reasonable excuse, so they could be penalised merely for being itinerant or vagrant. This is another example of the law of unintended consequences that so often applies to private Bills that have not been thought through properly.

Philip Davies: I suspect that my hon. Friend the Member for Cities of London and Westminster (Mark Field) is right: the officials would probably use the electoral register to check the names and addresses that people give. Would my hon. Friend agree, though, that there are a multitude of reasons why somebody's name might not yet be on the electoral register at a particular address, so that does not mean that they have given a false name and address? The register may not yet have been updated. Would it not be worrying if local officials were handing out fixed penalty notices or fines on the basis of who is on the electoral register?

Mr Chope: I agree with my hon. Friend, but this opens up a much larger debate that we will not go into now—the whole question of the electoral register and the proposed changes to it. The Government are thinking of effectively making filling in the registration form voluntary. The powers in the Bill, coupled with people's freedom to decide whether to put their name on the electoral register, could result in a significant reduction in the number of people choosing to do so.

Mr Nuttall: My hon. Friend is making a compelling speech, but could he deal with a point that we have not yet touched upon? What about cases in which a visitor to this country from abroad, who may have no knowledge of our procedures, gives a foreign address that cannot be checked against the electoral register?

Mr Chope: My hon. Friend cites another good example. Again, the conscientious law-abiding citizen could find himself penalised, while an irresponsible person from overseas might get away scot-free. That will create increasing resentment. There is already enough resentment in this country against some foreigners, and we do not want to do anything that will increase that resentment.

Philip Davies: If a constituent of mine, confident that they did not have to give their name and address to a local council official in Shipley, came down to London and was asked by a council official to give their name and address, they would reasonably expect the same rules to apply in London. Would it not be perverse were they found to be breaking the law because of some rather officious rule introduced in London that did not apply in any other part of the country?

Mr Chope: My hon. Friend is on to a really important point: if we are to change the balance between officialdom and civil liberties, it should be done nationally rather than on an ad hoc, case-by-case basis, which could lead to laws in London being different from those in Shipley—different, indeed, from those anywhere else outside London.

It should be for Home Office Ministers to come forward with these proposals, if they think it reasonable to extend such powers to councils in the way suggested in the Bill, but they manifestly have not done so; there have been extensions, but nothing in this area, despite the fact that the Bill was printed back in 2007. The Government have not chosen to extend these powers to police community support officer and others, or to extend officials' ability to require names and addresses nationally. Implicit in that is that the Government would not support such an extension of restrictions on civil liberties. If they do not support such restrictions on civil liberties nationally, why should they support them in London?

Mr Knight: Is the following statement an accurate précis of the situation: my hon. Friend's amendments are an attempt to thwart the promoters of the Bill who are seeking to decriminalise a number of offences and to replace them with a far more draconian council-operated system?

Mr Chope: Yes. Over time, offences have been decriminalised, and when I was a Transport Minister I supported the decriminalising of offences, but I never had in mind that that would be coupled with extending the powers of the police to deal with people such as those who do not give their name and address, and

[Mr Chope]

there are not as strong safeguards in respect of officials as there are for police officers.

The income or yield from decriminalised offences goes straight into the coffers of the local authorities, and local authorities cannot expect to have it both ways. They cannot expect both to receive all that money and to have the powers of the police given to their officials. My right hon. Friend therefore highlights a key issue.

We must remember that over time the Cities of London and Westminster and the London local authorities have salami-sliced the powers and rights of individual citizens in favour of bureaucratic local government. If this Bill is passed unamended, it will be argued that that trend should be extended, yet this Bill will not have been subjected to the same degree of parliamentary scrutiny as a public Bill.

Mr Knight: Is there any popular support for this measure? A number of colleagues representing London constituencies are present, but not a single Opposition Back Bencher is in the Chamber. It does not seem to me that there is popular demand for this measure. I can understand why money-grubbing council officers might want this matter to proceed, but do the public?

Mr Chope: My right hon. Friend makes a good point. It certainly appears that the public's representatives are not keen on this matter. Although I have not checked the No. 10 website to see whether there is an online petition with hundreds or thousands of signatures in support of this Bill, I suspect not, and I think we would have been told about it if there was. The Bill's passage through this House has not yet concluded, however, so it is still open to somebody to start an online petition in support of it, and against today's amendments.

Mark Field: I have some sympathy with the view that certain parts of the country should not have an entirely different regime, and I share many of my hon. Friend's concerns about council or local authority officers having these powers—although I am a big supporter of the two London local authorities in my constituency. However, I do not think he can legitimately argue that there has not been an opportunity to scrutinise this Bill properly, as it has had far more scrutiny than any Public Bill would normally receive, not least over the past four years as it has slowly made its way through the House and the other place.

Does my hon. Friend also recognise that there are differences between London and, for instance, the leafy parts of Christchurch that he represents in sunny Dorset? There is a huge mass of humanity in London, particularly in the centre of the metropolis, and that gives rise to at least the idea that there should be a slightly different regime for some public order and health and safety matters compared with those for the wide acres of much of the rest of England. If we believe in localism, as I hope many of us do, there is a place for having somewhat different regimes of bylaws, and I suspect they would be understood by many people who visit central London even from faraway places such as Shipley, Bury North or East Yorkshire.

Mr Chope: My hon. Friend is doing a great job in defending his local authorities, and I hope that as a result he will in due course be granted the freedom of his boroughs, if that has not already happened. I accept what he says about localism and about London, especially parts of central London, being different in character from other parts of the country, but I do not believe that we should have one regime of civil liberties in London and another elsewhere. If that were the case, we could, for instance, introduce much more draconian laws for people causing trouble or holding demonstrations in London. Nobody has yet suggested we should have a different criminal law according to where an offence takes place, yet that is what we are building up to under this decriminalised regime of law. It will result in alternative sets of laws applying to London as opposed to the rest of the country.

I argued that point when we were discussing various Bills concerning pedlars. Pedlars travelling across the country want the certainty of knowing what the law is; they do not want different laws in different parts of the country. That argument applies even more strongly in the context of whether someone has the right to ask for our name and address and whether we will be subject to a criminal penalty if we refuse to give that information.

Clauses 3 and 4 address important matters of principle, and amendment 10 seeks to alter clause 4 as follows:

"leave out 'a community support officer or an accredited person' and insert 'or a community support officer'."

Amendments 11, 12 and 13 address the same theme, and seek to remove from clause 4 powers relating to accredited persons and to confine them to police community support officers. The reasoning behind that is the same as the reasoning I articulated in respect of the amendments to clause 3.

Mr Knight: As ignorance of the law is not a defence, if these amendments are not accepted by the Bill's promoters, is there not a case for requiring details of this different regime to be included in every tourist guide to London?

Mr Chope: I do not want to advertise, but I agree that readers of tourist guides such as those produced by Lonely Planet and Rough Guides might find it useful to know about such penalty regimes. I am sure that if this legislation is put on to the statute book in its current form the editors of those books will want to ensure they are up to date in respect of the fact that there are fewer civil liberties in London than in other parts of the country, as visitors may wish to steer clear of London in order to enjoy the full range of English freedoms outside London. Those are important points.

Philip Davies: In respect of this group of amendments, instead of simply restricting the provision so it applies to community support officers and not the accredited persons of the county, would it not be better to delete it entirely, because if it applied solely to community support officers, councils would be for ever tying up their time by ringing them up to ask them to come and carry out these functions, when the public want community support officers to be a visible police presence on the ground deterring proper crime?

Mr Chope: I agree, which is why I have tabled amendment 9 seeking to leave out clause 4 entirely. I have provided an alternative solution so that if we cannot leave out the whole of clause 4 we can at least

leave out the part of it relating to accredited persons. Fortunately, both amendments have been selected for debate by the Chairman of Ways and Means, so it is up to the House to decide whether it prefers the entire removal of clause 4 or a modified version of it deleting the reference to the accredited persons.

Philip Davies: Has my hon. Friend any idea how often these provisions would be enforced, if his amendments were not accepted? How many times would local authorities expect to be demanding somebody's name and address? It would be nice to know how much time our PCSOs would be expected to give to pursue this line of inquiry on behalf of local authorities.

2.30 pm

Mr Chope: Again, that is a very important point. On a Bill such as this, we do not need to have any cost-benefit analysis or any financial memorandum setting out what the costs are going to be, but I imagine that the Bill's promoters are discussing the matter with their local authorities and that elected representatives in London are conscious of that fact.

On the quantity issue, I know that I speak on behalf of lots of members of the Government—the leader of the other place and others—who have spoken out strongly against Westminster city council's proposed extension of restrictions on street parking on Sundays. If that goes ahead, we can expect that it will result in many more fixed penalty notices as people are caught unawares, and that in due course will result in more of these notices being served in the way described in clauses 3 and 4, whether or not by accredited people or community support officers. It is likely that there will be an increase in the bureaucracy and the activity of unelected officials, and a consequent diminution in the civil liberties of the ordinary citizens.

Mr Nuttall: On amendment 10, is there not a danger that there would be an expectation, in these straitened times, of these accredited persons covering their salaries by issuing penalty notices?

Mr Chope: That is an important point, because most borough councils are saying that they are short of funds and will want to ensure that these accredited people at least cover their costs. In order to do that, these authorities may well give these people incentives to ensure that they get sufficient income for their activity in any tour of duty. So that is another serious problem. As far as I am aware, we have never had a system in this country where police officers are incentivised for the number of arrests they make, but it seems that people are being incentivised for the number of civil offences they can detect.

Mark Field: Although I very much understand the concern raised by my hon. Friend the Member for Bury North (Mr Nuttall) on incentivisation, I should put the following point on the record: Westminster city council has often been accused of incentive schemes for its parking attendants, but it is the case, and has been expressly so over past four years at least, that there is no such incentive scheme. In other words, traffic wardens do not have any sort of quota or incentive to issue tickets, and one very much hopes that a similar regime would apply to offences under this Bill.

Mr Chope: Amendment 14 is, again, a consequential amendment relating to the need to remove references to an "accredited person". Amendment 21 deals with a different part of the Bill, but again no explanation is given as to why it is thought necessary to include the change being made in the Bill. The explanatory notes state:

> "Clause 8 amends the City of Westminster Act 1996 which provides Westminster City Council with enhanced enforcement powers in relation to unlicensed sex establishments. The first amendment is a minor typographical amendment and the second amends section 8 of the 1996 Act, which relates to the service of notices. Under section 8, if notices under the Act are to be served by post, then they have to be served by registered post or the recorded delivery service. The amendments would enable notices to be served by ordinary post."

Surely it is important that the notices should be served by registered post or recorded delivery, because that means there is a tracking service and Westminster city council will know whether or not the notices have been properly served. The idea is that the notices should be sent by what is described in the explanatory notes as "ordinary post", but that is becoming very much below par for many people, as it is increasingly unreliable. Are we really saying that delivering a letter with someone's name on it to a block of flats is going to count as proper service in respect of the enforcement powers in clause 8? Nowhere is it explained why it would be fair, reasonable or equitable to change the long-established way of sending out such notices, which is by recorded delivery or registered post. Apart from anything else, some of us are keen to encourage Royal Mail and give it income, and this proposal would deprive it of income that it is currently able to obtain from such notices being sent by recorded delivery or registered post. The case for this change is just not made, so my amendment 21 would remove subsections (3) and (4) from clause 8.

Philip Davies: May I tap into my hon. Friend's legal expertise, because his amendment could well be very helpful to Westminster city council? What would happen if something was sent out by ordinary post and the intended recipient simply said that they did not receive it, whether or not that was the case? Would that nullify the provisions detailed in that letter? Perhaps he knows whether or not that would make a difference.

Mr Chope: Again, I do not purport to be an expert on this Bill, and my hon. Friend the Member for Finchley and Golders Green may wish to respond on that matter when winding up this debate. The explanatory notes are totally silent on this issue and to obtain the right answer one would need to have a greater knowledge than I have of the enforcement powers in relation to unlicensed sex establishments in the City of Westminster.

I have almost got to the end of this group, but I shall now deal with amendments 35 to 39 to clauses 18 and 20. I find clause 18 to be particularly offensive, because it creates a new criminal offence, stating:

> "Any person who intentionally obstructs any authorised officer acting in the exercise of his powers under this Act shall be guilty of an offence and liable on summary conviction to a fine not exceeding level 3 on the standard scale."

In other words, they would be subject to a fine of up to £1,000. There used to be an offence on the statute book of obstructing a police officer in the execution of his duty, and there probably still is. In the days when I used

[Mr Chope]

to practise a bit in the criminal courts as a barrister, what one might describe as an "over-enthusiastic" or "over-zealous" police officer might often throw in a couple of charges of obstruction in the execution of duty to press a point home against a hapless defendant. If that was happening with the police, how much more dangerous is it for civil liberties for the authorised officer to be able to say, "You've obstructed me, so I will make sure you get a £1,000 fine"? The decision about what the obstruction would be and so on would be left to the officer, and I think that goes far too far.

Jacob Rees-Mogg: Adding up all these fines, there seems to be £1,000 under clause 18 and another £1,000 under clause 4. Does my hon. Friend think that these councils are very hard up?

Mr Chope: That might be the situation. They seem just to have gone for level 3 fines, which are a maximum of £1,000, but there is no explanation for choosing that penalty, so I cannot answer my hon. Friend's point, I am afraid.

The provision on the obstruction of authorised officers goes far too far, giving rise to the creation of an inappropriate criminal penalty.

Philip Davies: The clause actually refers to somebody who

"intentionally obstructs any authorised officer".

Has my hon. Friend any idea what constitutes an intentional obstruction and what might be termed an unintentional obstruction?

Mr Chope: Exactly. To go back to the example given by my hon. Friend the Member for North East Somerset (Jacob Rees-Mogg), somebody who sees the authorised officer with a bowler hat and heads off in the opposite direction might be regarded as intentionally obstructing the officer. Who knows? If we are going to create new offences, it is important that they should be very tightly drawn so that they can be clearly understood. The offence in the Bill is wide and vague and therefore oppressive, and that is why I find it particularly offensive.

I was amazed to see the wide terms in which clause 20 has been drafted. Without taking up too much of the House's time, it is worth spelling out exactly what it says. It states:

"Where an offence under this Act committed by a body corporate is proved to have been committed with the consent",

we can understand that,

"or connivance of, or to be attributable to any neglect on the part of, a director",

again, we can understand the reference to a director,

"manager, secretary or other similar officer of the body corporate or any person who was purporting to act in any such capacity, he, as well as the body corporate, shall be guilty of the offence."

Subsection (2) states:

"Where the affairs of the body corporate are managed by its members, subsection (1) above shall apply to the acts and defaults of a member in connection with his functions of management as if he were a director of the body corporate."

If the clause was the result of a competition among law students to see who could draft the most unreasonably wide new criminal sanctions against corporate bodies, the person who drafted this would probably get a capital alpha. It is drawn so widely and so unreasonably that, I would submit, it cannot have been analysed properly. I cannot believe that the promoters of the Bill really want the clause to be in the condition it is in at the moment.

Philip Davies: I totally agree with my hon. Friend. It is not only unreasonable but totally and utterly ridiculous. Can he offer any suggestion at all as to why the Bill and the clause specifically pick on secretaries? I can imagine that if someone was particularly illiberal, as the people promoting the Bill appear to be, they might want to pick on directors and managers—I can see why they would be the obvious target for people who wanted to go down this illiberal route—but can my hon. Friend think of any reason whatsoever why anybody would reasonably want to attack secretaries in particular?

Mr Chope: I can think of all sorts of reasons, but I do not necessarily want to share them with the House in response to my hon. Friend's intervention. I would not say, as my hon. Friend did, that it would be reasonable to include a manager. A director of a company or organisation has a particular responsibility and although it might be over the top to extend the provision to them, I thought the best thing to do was to try to limit the corporate liability to a director who committed an offence directly.

2.45 pm

Mr Nuttall: Does my hon. Friend agree that it might have been better if the clause, rather than using the word "secretary", had referred to "company secretary", which is definable in law?

Mr Chope: That would have been an improvement, but I hope that my hon. Friend will think it better to support my amendment, which effectively removes any references to managers, secretaries, other officers or any person purporting to act in such a capacity.

I have introduced as briefly as I could some of the reasoning behind my amendments, which have been grouped together. I would like to tell hon. Members who have been following this debate—the hon. Member for Derby North (Chris Williamson) has been sitting patiently on the Opposition Front Bench and will, I hope, participate—that at about 1 o'clock, when it looked as though this business would start at nearer 4 o'clock rather than 10 minutes to 2, I received a phone call from the counsel acting on behalf of the promoters of the Bill. I needed to sit down at this point, because I was told that some of my amendments would be acceptable to the promoters.

In anticipation of the response that my hon. Friend the Member for Finchley and Golders Green will make to this debate, perhaps I can explain to the House my understanding—and he can correct me if I am wrong—of the amendments that the promoters will be willing to accept in this group. I understand they include amendment 5, which inserts

"by the person being served"

into clause 3 in line 13 of page 3, and its mirror, amendment 8, which inserts the same words into that clause in line 20. They also include amendments 10, 11

and 12, which deal with leaving out the references to accredited persons from clause 4 and remove references to the powers of accredited persons to require a name and address and to instigate a criminal penalty when that name and address is not supplied, as well as amendment 14, which is consequential on the removal of the references to accredited persons. I am also told—I think I am correct—that the promoters are willing to accept my amendment 35, which would leave out clause 18 on the obstruction of an authorised officer. I understand that amendments 36 to 39, which would introduce my amendments to clause 20, thereby limiting the liability to a director or directors, would also be acceptable to the promoters.

We will have to see what happens, and of course the procedural way of dealing with matters will be in your hands, Mr Deputy Speaker, but if that large number of amendments is acceptable to the promoters, I hope the amendments will be able to go through on the nod in due course. There is a lot more meat to this group of amendments than just those that have been accepted by the promoters, but it would be churlish of me not to thank my hon. Friend the Member for Finchley and Golders Green for at least agreeing to those amendments. Of course, none of the amendments could have been discussed if we had not blocked this Bill and required its consideration in the House on Report. Whatever happens, if the promoters accept the amendments, the Bill will be better than it would have been without them.

Mike Freer (Finchley and Golders Green) (Con): I have greatly enjoyed this perambulation around local government, with bowler-hatted civil servants prodding miscreants with their money-grabbing umbrellas, but that picture bears no relation to the local government that I know. My hon. Friend the Member for Christchurch (Mr Chope) and I have sparred on this Bill in the past—I still have the scars—but I appreciate the vigour and genuine honesty of his approach to scrutiny and to his amendments.

The Bill would not simply allow any local authority employee to prowl the streets of their borough looking for fines. Certainly, the concept that they would be able to collect £1,000 a go as they went about their business is fanciful. I understand that fixed penalty notices would have a set price and would be collected by the borough. The £1,000 fines to which Members have referred would be applied only by magistrates at their discretion and not by local authorities. I shall come back to whether my hon. Friend's amendments remain acceptable.

The Bill has been scrutinised by the Opposed Bill Committee and I am grateful to its members for their work. My hon. Friends the Members for Shipley (Philip Davies) and for Christchurch have made some valid points about civil liberties, but what about the civil liberties of the silent majority who are tired of the antisocial behaviour of a small number of individuals and corporate bodies? It is the silent majority—the council tax payers—who are having to pick up the bill for clearing up enviro-crime. This low-level antisocial behaviour plagues many parts of the country, including the parts of London we are discussing.

I know that my hon. Friend the Member for Shipley takes a great interest in combating antisocial behaviour. Indeed, he has gone on record as supporting Mayor Giuliani's zero-tolerance approach to antisocial behaviour and the broken window syndrome. I believe there has been a local problem in his constituency with youths ripping out flower beds and generally causing litter, about which he has called for police intervention.

Philip Davies: My hon. Friend is absolutely right—I do take a zero-tolerance approach to antisocial behaviour and to crimes being committed—but as he has said, I have urged the police to take action. I have not called for the local authority to have wide-ranging powers to tackle this issue. I think that is where he and I part company.

Mike Freer: I am grateful for my hon. Friend's intervention and I guessed that was where we would part company. I wish him luck in getting the police to deal with flower beds being turned over, litter outside fast-food establishments and litter being thrown out of cars, because I simply cannot get my local borough command to take those issues seriously. We could argue for a whole afternoon about whether these are serious crimes and whether the police ought to deal with them, but that is a different issue. The current problem is that the police in London, certainly—I cannot comment on the borough command in Shipley—will not prioritise dealing with litter and enviro-crime. Therefore, we must either leave the issue to fester or allow authorised officers of the local authority to deal with it.

On accreditation, the idea is not that every employee of a council will have the power to go out and start levying fixed penalty notices or taking people to the magistrates court to be fined. We are talking about civil enforcement officers who are already accredited and have significant training on how to prove that an offence has been committed. Councils also have environmental health officers who are highly trained and accredited on how to follow the rules of law and how to provide evidence should a case have to go to court. The notion that the town hall cat will be wandering around the borough levying fines is fanciful. We are talking about seriously trained officials who have been taught how to comply with the law and how to make sure that if there is a prosecution, evidence can be provided.

There are already a number of police civilians—not just police community support officers but accredited civilians—who have the authority to issue notices. We have talked about whether London should be exempt and be a special case, but it is often the starting point for national legislation. It is not unusual for London to set the tone and for other parts of the country follow suit, but it is not only London that does that. I do not know whether many Members are acquainted with Brunel university, but apparently its security officers can issue fixed penalty notices. This is not just about widening scope because London has asked for it—a significant number of authorised civilians can already issue such notices. What we are saying is that London has some specific problems and that specific powers are needed for accredited, trained individuals.

I have covered the point about £1,000 fines being targeted willy-nilly, which simply is not true. That would be the remit of the magistrates court. Let me make a point about the powers of authorised officers. They would be able to take action only where they believed that someone was committing a criminal offence, so the powers would not be used in respect of people going

[Mike Freer]

about their lawful business. Hon. Members have talked about conscientious, law-abiding citizens, but conscientious, law-abiding citizens would not be stopped and asked for their name and address and would not face the risk of prosecution. Only those believed to be committing an offence would be caught by the rules in the Bill.

The issue of people giving false names and addresses has been raised. Clearly, with matters such as littering from cars, accredited officers would have access to the registration number, which could be cross-checked with the Driver and Vehicle Licensing Agency. Many of the enviro-crimes that we see in London boroughs involve repeat offenders, particularly corporates—the large retailers that cause litter on the high street—or other organisations that cause problems on our high streets. Much dumping in our residential streets also involves repeat offenders and there may be a corporate address that officers can go back to if they believe or find out that they have been given a false name and address by the person they have stopped. Clearly, if a false name and address is given by someone of no fixed abode, that person cannot be prosecuted. That is a common problem with the current law that police officers face.

Philip Davies: I am slightly puzzled about the corporate causes of litter. Is my hon. Friend insinuating that if somebody walks into a McDonald's, buys a Big Mac, fries and a Coke, leaves McDonald's and drops litter on the floor, the responsibility for the litter lies with McDonald's? Surely the only person with whom the responsibility lies is the person who dropped the litter, and the company cannot be held accountable for what its customers do.

3 pm

Mike Freer: That is the very point. There are two issues. McDonald's is a fine organisation based in my constituency. It takes a great deal of trouble to ensure through litter patrols that its customers do not create a nuisance, but if an organisation—say, Finchley Fried Chicken—decided to pour fat over the pavement, which sounds fanciful but has been known to be true, the officer can deal with that corporate body. However, if a person who has bought a take-away from Finchley Fried Chicken then chooses to drive down my street, which they do—I declare a passionate interest in the subject, as my street is often littered with take-away cartons—it is the person throwing the litter from the vehicle who would be stopped and served a notice. My hon. Friend is quite right: there are two issues. The corporates that are guilty of misdemeanours, such as dumping fat, will be dealt with as a corporate body, but if someone is caught throwing litter from a car, it is the litterer who would be caught.

I know that these measures sound draconian, and they often are in black and white. Some Members may have a dim view of council officials. As a former leader of the London borough of Barnet, I can tell them that my officers took great care to ensure that the powers vested in them were used very sparingly and only where the offence was commensurate with the action that they proposed to take.

My hon. Friend the Member for Christchurch was correct that the promoters of the Bill suggested that we could compromise on the amendments. However, my hon. Friend has not been able to compromise on some of them. We will therefore continue to sponsor the Bill unamended, apart from the three amendments suggested by the promoters.

Jacob Rees-Mogg: I support the amendments tabled by my hon. Friend the Member for Christchurch (Mr Chope). He has made a noble effort to turn a pig's ear into a silk purse. One can see a vision of all the mulberry trees in China, with all the silkworms on them working busily away to provide enough silk to produce a purse, but I fear that even these fine worms have failed in their effort. Even though I support the amendments before us, the Bill remains broadly a pig's ear. Let me go through it point by point, one by one, as quickly as I can so that others may speak on these important subjects.

Amendment 5 deals with clause 3 on "Powers exercisable by police civilians and accredited persons". How worrying it is, how concerning that legislation should be drafted in such a way that the penalties might be issued to somebody other than the person by whom the penalty ought to be paid. You, Mr Deputy Speaker, of all people, as innocent, as pure as the driven snow, could find some accredited person coming along, catching you by the scruff of the neck—an outrage in itself—and saying, "This penalty is for you," when you had nothing to do with it, you knew nothing of it, you were, as I said, not guilty and as pure as the driven snow.

With the amendment tabled by my hon. Friend the Member for Christchurch things begin to be tided up a bit. We put in the words

"by the person being served".

That seems right and proper and sensible, even though the clause itself is not particularly attractive.

Now let us come on to these accredited persons. My hon. Friend the Member for Finchley and Golders Green (Mike Freer) made them sound like very nice approachable chappies who are all doing a good day's work and fine stuff. I am sure that that is true of many of them, but do we not have in our mind—have we not always had in our mind—that vision of the officious traffic warden who comes round, the jobsworth who is out to get you, who stands there, shaking the parking meter, waiting for the seconds to tick past so that a £70 fine, going up to £140 if you do not pay it quickly, whacks upon your head? Is that the type of accredited person we wish to see going around?

Does that not most fundamentally, and as a point of the greatest principle, undermine the role of constable? We have had in this country, since the founding of the Metropolitan police by Sir Robert Peel, a system of constables who have a warrant from the Crown, are trained, are authorised and are in a position to exercise fine judgments. They are regulated in a different way from others. They have different terms and conditions of service. They cannot go on strike, for example. We noticed this only last week, when we saw that the police, that fine body of men and women, were doing their duty while others were on strike.

Do we not downgrade the police when we have these accredited persons who suddenly can wander around and issue penalties—accredited by the council, we know not how; the type of accreditation given to them, we know not what, but we do know that it is not a constable with the full majesty of the law and the warrant of the

Crown behind him or her? Once we start doing it in London, as my hon. Friend the Member for Christchurch and Golders Green, or rather, for Finchley and Golders Green—I know that my hon. Friend the Member for Christchurch has territorial ambitions, but probably they do not go that far—said, what happens in London may spread out to the rest of the country.

Let us be absolutely clear. In North East Somerset we do not want this. We want the proper office of constable to be upheld. People in Nempnett Thrubwell do not want somebody appointed by the council to come round and dig them in the ribs when they accidentally drop a little bit of mud off their wellington boots or something like that, and are then accused of dropping litter. We must object. My hon. Friend is right to have objected to the principle of the accredited person because of the way in which it downgrades the role of the constable—a great and noble role.

I saw the chief constable of Avon and Somerset police earlier today. This man, a chief constable, recently plunged into a river to rescue a driver who had had an accident, because that is the level of service and of commitment that we get from a constable. It is fundamentally different from that of an accredited person.

I have further concerns about these accredited personages. How do we know who is and who is not an accredited person? I said that they should wear a bowler hat, though it occurred to me subsequently that there might be a few wigs going spare because I believe the Supreme Court has given them up. Certain people in the House of Commons have given up wearing wigs too, so perhaps there are a few wigs that could go round to these accredited persons so that we would know who they were as they went about their duties—fine full-bottomed wigs in 18th-century fashion. But perhaps in the 21st century we should be more modern and it should be the bowler hat, which is perhaps a better symbol nowadays of authority than the full-bottomed wig.

Chris Ruane (Vale of Clwyd) (Lab): Hear, hear.

Jacob Rees-Mogg: I am grateful for support from Opposition Members.

What we currently have—Westminster city council did this with its parking attendants—are some desperately scruffy tatterdemalions who wander around as accredited persons. They are parking meter attendants and they look as though they have been dragged through a hedge backwards. Their uniforms are anoraky things, not the sort of thing that an officer of the Crown would ever be seen wearing—the sort of thing that could be worn by anybody. Who knows who may come up to us and say, "I am an accredited person. You are fined £10. Cash only. Thank you very much."

As we go about our lawful business, are we to be shocked and appalled by the attempts to extort money from us that come from accredited persons who are accredited only by themselves, because they have no fixed uniform, no set outfit, no clarity of purpose in what they are doing? I am very much with my hon. Friend in getting rid of all the references to accredited personages under section 47 of the Police Reform Act 2002 and any form of accrediting of these personages until we settle exactly who they are and whether they should be officers of the Crown and constables.

Let us move on to clause 4. I am so pleased that the Opposition Benches are almost entirely empty, with only two notable and most honourable exceptions, as we discuss the abolition of clause 4. I know it is a matter of great sensitivity to Opposition Members for historic reasons, but they may have been a bit confused today. This is not the famous clause IV; this is another one. It relates to the power to require a name and address.

I know that sometimes I bore the House with historical examples, but on this occasion I thought that I would go back to Odysseus. In order to escape from Polyphemus the Cyclops, Odysseus, when asked his name, replied "Nobody" and he got away. Do hon. Members think that there should have been an accredited person sitting by the Cyclops to tell Odysseus, "Look here, that won't do at all. You're fined £1,000 for saying your name is Nobody"?

Chris Ruane: He would have eaten him.

Jacob Rees-Mogg: Indeed, that is what he was trying to do. He wanted him for his dinner. It seems to me that sometimes local councils wish to take their dinner off our plates through the fines they want to levy. Odysseus would have been caught out by that and prevented from escaping with his men, so there are circumstances in which one must be able not to give one's name and address because doing so might not be in one's best interests. Of course, Odysseus, in his hubris, called out his real name as he left. The Cyclops, who was blinded by then, screamed out, and his father, Poseidon, heard it and made Odysseus's trip home that much harder. When a person's name gets out into the public presses, things can become very difficult for them. I maintain the ancient right of Greeks, among others, not to give their name and address when asked.

I will appeal to another source of history: P.G. Wodehouse. Many Members will remember that Bertie Wooster, when arrested for pinching a policeman's helmet on boat race night—I think wines had been taken—gave a false name when arrested. I cannot remember what name he gave, but I think he said that he lived in Acacia avenue. It might be a good address to give if you are ever caught doing things you should not do. There was no additional fine for giving a false name and Bertie Wooster paid the fine handed down at the magistrates court in London—five guineas, which was a lot of money in those days—but got away with giving a false name. There is a great tradition, from Odysseus to Bertie Wooster, of being allowed to hide one's name from people who do not necessarily have the full authority to request it.

There are serious points within this as well. One may think that it is all frivolity and ancient history, but it is not. It is all about our ancient civil liberties. Until an individual has been shown to have done something that is wrong enough to be arrested, the state has no right to know who they are. As I go about my lawful business, the state does not have the right to stop me and ask me to prove my identity or address. Only if I have committed a crime can the state intervene.

We come to the question of why this should be done by people other than police officers. The argument is always one of necessity or triviality, meaning that the crime is so unimportant that the police will not want to be bothered with it. If the police do not want to be

[Jacob Rees-Mogg]

bothered with it, and if it is not worth the time of the magistrates court to deal with it, is it really worth punishing someone for it in the first place? That is where the clause that my hon. Friend the Member for Christchurch proposes removing is so fundamentally wrong. It takes something that is trivial, gives a power to someone who is not an officer of the Crown and then promotes it to a high offence for which one can be fined £1,000. It is entirely disproportional to the initial activity that has led to the official being involved with the otherwise law-abiding subject.

I think that the point my hon. Friend the Member for Shipley (Philip Davies) made is profoundly important, although I was a little worried about the impression he gave that everyone who came down from Shipley was likely to commit an offence when they arrived in central London—perhaps the excitement of the bright lights gets to them. I can assure the House that when people from North East Somerset come to London they are as law abiding here as they are in North East Somerset, which I am glad to say has one of the lowest rates of crime in the whole United Kingdom. It is unfair, unreasonable and unjust to have different rules governing what one is supposed to say to unnamed, unknown, unspecified and unclear public officials here, in Shipley, in North East Somerset, in Scotland or in Northern Ireland. We need a clear law so that people understand whether they are in danger of committing a crime and know what their rights, liberties and entitlements are.

Some can argue, "Well, London's busy", but we all know that. If it is busy, it has more police. Rather shockingly, there are more police in London than there are in Avon and Somerset. One would have thought that we should have more police to keep crime even lower, but there is a general adjustment for the reality that London has serious problems that are different from those across the rest of the country. It has the level of expenditure that ensures that it can deal with these issues without having special laws and situations.

3.15 pm

At this point I will diverge from my hon. Friend the Member for Christchurch, because I think that, other than his amendment that proposes to get rid of clause 4 altogether, his other consequential amendments are unsatisfactory. They still leave the right of a police community support officer to ask for a name and address, which I would not be in favour of. If this consideration comes to a vote, I will certainly vote against any amendment other than the complete removal of the clause.

Let me move on to the Royal Mail and the Postage Act. This is a rather embarrassing bit of the Bill, because it refers to sex establishments, and we do not like talking about those in polite society, but on this occasion it is necessary to do so. It seems to me that there is a wonderful naivety in the Bill and a suggestion that the Royal Mail is as good as it was in the days of Trollope, when a letter could be posted before lunch, would arrive in the early afternoon and that one could then reply and correspondence goes backwards and forwards perfectly. Sadly, that is not how it is anymore.

I happen to live on a street in London that has a relatively frequent name and so receive quite a lot of post for a branch of the Hong Kong and Shanghai Banking Corporation, which is on a street of the same name south of the river. Occasionally I receive coins in the mail which people wish to deposit in their bank accounts. As I am sure you realise, Mr Deputy Speaker, I hastily pass these on to a branch of the Hong Kong and Shanghai Banking Corporation so that they can be credited to the right person's account. I use the example to remind hon. Members of the difficulties of relying on the ordinary post. The first-class post might or might not get there the next day, and the second-class post will get there before Christmas, so long as it is posted in the new year. The Bill does not even establish that it should be the first-class post. That means that the people running these dodgy establishments—I must confess that I have little sympathy for them—will be deprived of a right of justice, which I think is a mistake.

The important thing about our ancient liberties and about justice is that we should apply it to people we slightly disapprove of and think are a little beneath the salt just as much as we do to those we think are good, honest fellows. I think that that should apply to those who run sex clubs. They are just as entitled to receive a summons, notification or a missive from the council in way that means we can be certain it has arrived, by registered post, as someone involved in more salubrious activities. I must confess that it is a shame that the Post Office is not in the state it was in the days of her late Majesty Queen Victoria, but there we are—O tempora, o mores, as I am sure I have said in the House before and will no doubt at some future date say again, possibly on a Friday morning.

I was glad to hear that there was a thought that clause 18 might be withdrawn, but it seems to have been put back again, so I think that I am still entitled to speak in favour of the amendment that would abolish the clause that has been taken out and put back in again—it sounds a little like a soft-shoe shuffle or some such dance.

Mike Freer: Having reflected on the kind offer made by my hon. Friend the Member for Christchurch (Mr Chope), we are now happy to accept amendments 5, 8, 10 to 12, 14 and 35 to 39. I hope that that is of help to my hon. Friend.

Jacob Rees-Mogg: That is extremely helpful. Indeed, it is both encouraging and worrying: it is encouraging in one sense, because it shows the generosity—the parliamentary spirit—of my hon. Friend, and that is extraordinarily welcome, but it is slightly worrying, given the inconsistency of the Bill. Should we really be negotiating with a group of councils—after we have been debating some of the amendments for little more than an hour—what they will and will not accept? I am not sure that the dignity of Parliament—the House of Commons, this honourable House—is properly and justly reflected by bandying about amendments in that way, so I had better, just in case clause 18 changes again, which would concern me, say a few words about it and the obstruction of an authorised officer.

Mr Chope: I am not in any way churlish about the generosity of my hon. Friend the Member for Finchley and Golders Green (Mike Freer) in accepting so many of my amendments. It is right for us to put on the record that he is in charge of the Bill and of taking it

through this place; it is nothing to do with officials. He makes the decisions, and the decision that he has made is an excellent one.

Jacob Rees-Mogg: Quite right. How could I fail to agree? I hope that, when my hon. Friend the Member for Finchley and Golders Green comes to the decision of withdrawing the whole Bill, we will welcome that decision even more. But just—just—in case it comes back at some later stage, let us look at it briefly and in passing, because we come back to the same problem of the authorised officer not being a constable.

Who is this authorised officer? What is an obstruction? What is an intentional obstruction? What if you, Mr Deputy Speaker, fall over in front of him and he trips over you? Is that an obstruction, or do you have to be more aggressive? What happens if you see him coming but he is not in his uniform—you may not know it is him—and you scarper? Is that an obstruction of him in his duties because you are not there and, therefore, he cannot catch you, whereas if you were there he could catch you? That seems to me, arguably, an obstruction, even an intentional one, because you had to run away to be away from the person who was trying to catch you—because if you had not decided to run away, you would still be there, and then he would have caught you. So if you follow the logic of what I am saying, Mr Deputy Speaker—and if you do follow it, you are doing jolly well—you will see that the clause really ought to be removed and should never have been in the Bill in the first place.

Again, the fines really do seem excessive, and I go back to the point that I was making about the traffic wardens in the city of Westminster, who were put in uniforms that any civilised fellow would have been ashamed to be seen dead in. They were the most scruffy things that really did make the wardens look as if they were vagrants, and I should have thought that most people would scarper if they saw somebody like that coming after them, particularly if they were bringing out a book of fines. One would think, "I'm getting out of his way pretty sharpish, because I don't know really who he is and I don't know why he's got his fines book out, because I don't think I have done anything wrong." If we are going to authorise those sorts of people, many of us might obstruct them and say, "Who the Dickens do you think you are?" or words to that effect.

That gives me the opportunity to answer the valid point, made by my hon. Friend the Member for Finchley and Golders Green, that if one is innocent one has nothing to fear. If only it worked like that. Those of us who have contested parking tickets over the years—when we have done absolutely nothing wrong but the machine has broken or the person coming round has misread his own figures and all that stuff—have found that when we appeal we get off. It happens to those of us who are innocent again and again. I was even stopped under one of those ludicrous terrorist Acts that the previous Government passed—going about my lawful business.

Chris Ruane: You look like one!

Jacob Rees-Mogg: The hon. Gentleman suggests that I look like one. If I look like one, there is not a lot of hope for the rest of you, I have to say.

Therefore, this idea that those of us who are innocent have absolutely nothing to fear at all and can go about our business safely, because it will not be us, is the wrong line to take. It is crucial to defend the liberties of those we dislike and disapprove of, as well as of those we like and approve of, and that is the essence of my objection to much of the Bill but, in particular, to clause 18.

Mr Chope: What my hon. Friend says is reinforced by the fact that almost everybody who goes to a parking tribunal and appeals is successful, but very many people do not realise that they have such a right of appeal and, therefore, pay reluctantly and, probably, when they should not.

Jacob Rees-Mogg: My hon. Friend is, as always, absolutely spot on, and I should advise anybody in the Chamber today or listening outside to appeal if they get a parking ticket, because it is often wrong and unfair and being issued just as a money-grabbing exercise. Westminster city council is now conducting such an exercise by extending parking charges to midnight, and that is a pretty awful thing to be doing—*[Interruption]*—but not, Mr Deputy Speaker, as I see you, panther-like, waiting to pounce on an irrelevant comment, part of the amendments under discussion.

So I turn to clause 20, the last measure related to the amendments under consideration, and agree again with my hon. Friend the Member for Christchurch that it is drawn far too widely. It has to be the people at the top who are responsible, but the clause refers to

"a manager, secretary or other similar officer of the body corporate",

so I am a little worried that the cleaning lady is going to be nicked by some bod coming round in unrecognisable garb, whom we do not really know, saying, "We'll have a few quid off you." The measure is going to be a swindler's charter if it goes through, because people will pretend that they are these authorised officers and sneak up on us and try to get money out of us for doing something that we should not, saying, "Well, it does catch you because you are an 'other similar officer'. I am an 'authorised officer', you're an 'other similar officer' and, therefore, we'll take a fine off you."

To conclude my relatively brief remarks—though it would be possible to go on and on about this Bill, so many are its flaws and faults, so good are the amendments proposed by my hon. Friend and so wise was he to bring them forward to try, as I said at the very beginning, to make a silk purse out a sow's ear—I am afraid to say, after all is said and done, that it is still the meat of pigs.

Philip Davies: It is always a trial to follow my hon. Friend the Member for North East Somerset (Jacob Rees-Mogg), because, as I am sure we all agree, we could happily sit here all afternoon and listen to him, so wise is his counsel and so entertaining is his delivery. I am afraid that I cannot match it, but I, too, congratulate my hon. Friend the Member for Christchurch (Mr Chope) on tabling the amendments, and because today appears to have been a red letter day for him. Such was the speed at which our hon. Friend the Member for Finchley and Golders Green (Mike Freer) rattled through the amendments which have now been accepted, that I struggled to keep up with them all, so my comments will

[Philip Davies]

be based on my understanding of the current situation, and I am sure that my hon. Friend will correct me if I am wrong at any point.

I certainly support the thrust of what my hon. Friend the Member for North East Somerset said about the amendments, and particularly about the position of accredited persons. My hon. Friend the Member for Finchley and Golders Green made the point that such council officials and officers are reasonable people who will use the powers only when necessary and sparingly, that they would not be used willy-nilly, and that that was his experience of council officials.

My hon. Friend talked to me about my experience of my local police when investigating what might be considered petty or minor crime, and my experience of the police in Shipley is, as it happens, very good—but he must not only have had good experiences of council officials and officers, but also have come across the rather petty council officer who is a stickler for something and does not use any discretion or common sense.

I am sure that we have all come across those people. My hon. Friend the Member for North East Somerset referred to traffic wardens who wait for the clock to tick down before they put their £70 ticket on a vehicle, and there are also those who measure up to see whether one inch of a car is parked on a double yellow line, even though the vast bulk of the car is well within the parking space. I am sure that we have all had experiences of these things.

It is completely unacceptable to give that kind of person additional powers to go about and terrorise what we would largely call law-abiding members of the public. In my hon. Friend's part of the world there may well be very reasonable people who use their powers very sparingly. However, the rules would apply not only to the council officials whom he has in mind, and not only to the council officials in place at the moment, all of whom may be very reasonable people, but to council officials in future—and who knows what kind of people we may have running some of our local authorities in future? We should not be giving people all these powers just because the people we know at the moment seem to be okay. We have to bear in mind how they may be used, or abused, in future.

3.30 pm

Amendment 9, which is one of the few amendments that my hon. Friend the Member for Finchley and Golders Green is not accepting, is about the power to require names and addresses. That is a completely unacceptable aspect of the Bill. He said that that power would be exercised only where council officials believed that an offence was being committed. I have a problem with that, because the definition of when somebody believes that an offence is being committed is fairly loose. In a situation where there was no real reason for anybody to think that an offence was being committed, but one of these officials merely stated that they did believe that an offence was being committed, would that be good enough for them then to exercise the power granted in the Bill? Where is the check on whether they were right in believing that an offence had been, or was about to be, committed? By allowing them to use these powers in such circumstances we are, in effect, allowing them to use them whenever and wherever they like. That is totally unacceptable.

I come back to the point that I made briefly in an earlier intervention. Lots of my constituents come down from Shipley to London. They may not come down very often, perhaps only every now and then, but they know that they do not have to give their name and address to a council official when it is requested of them. If a council officer from Bradford city council demands to know their name and address, my constituents know that they do not have to tell him, and they can tell him to go forth and multiply. When my constituents come down to London on their day trip, or for a week's holiday, or to visit the theatre, or whatever it may be, and a council official in Westminster says to them, "You must give me your name and address," they would be perfectly reasonably entitled to expect to be able to say to him, "Go forth and multiply. I know I can tell my council official in Bradford to go forth and multiply, so there's no reason why I shouldn't be able to tell a Westminster city council official the same thing."

It is totally intolerable, unacceptable and unjust that my constituents in that situation would be committing an offence and liable to pay a fine. How are they supposed to know? Many of my constituents are avid watchers of the Parliament Channel; they want to know what is going on and like to be very well informed about the political debate. However, are we really expecting them to be fully aware, having looked it up before they came down on their trip to London, of the powers of Westminster city council officials, on the off-chance that they may have been given a power that council officials in Bradford have not been given?

It is complete nonsense to think that that could be acceptable in this country. This is not just a matter of minor interest; we are talking about our fundamental individual freedoms, and surely those apply equally right across the United Kingdom. I am a believer in localism, but surely we cannot farm out our fundamental freedoms to the principle of localism and allow every local authority to decide how illiberal it wants to be in its area. That is unacceptable. It is for this House to stand up against that kind of assault on our individual freedoms.

I am disappointed that my hon. Friend the Member for Finchley and Golders Green said that he would not accept amendment 9, which would delete clause 4. Unlike my hon. Friend the Member for Christchurch, I am not an expert in parliamentary procedure, so I do not know whether we can put any of the amendments to a vote. However, as the promoter is now prepared to accept amendment 5, the lead amendment, I hope that my hon. Friend the Member for Christchurch will say that he wishes to press amendment 9 to a Division, because we are talking about a fundamental freedom.

I hope that you, Madam Deputy Speaker, will be minded to allow a Division on that amendment if it is in order, because it is the most important amendment in the group. This is something that everybody in this House should be concerned about, because it could affect all our constituents. This might be the London Local Authorities Bill, but as so many of our constituents come down to London, it could affect any of our constituents.

Mr Chope: I hope that we will have the opportunity to test the opinion of the House on amendment 9, because most of the debate has centred on the powers under clause 4 to require names and addresses, and the penalties associated with the refusal to provide them. My hon. Friend is addressing the same issue, which is one of the most fundamental civil liberties issues in the Bill.

Philip Davies: I am grateful to my hon. Friend. I said earlier that this would be a red letter day for him, as so many of his amendments are being accepted. I am beginning to think that it is a red letter day for me too, because I appear to have persuaded him that amendment 9 is the most important amendment to put to a Division. I fear that I must now rely on you, Madam Deputy Speaker, to complete my red letter day, which would be a rarity for me in this House.

I think that I am right in saying that the sponsor is minded to accept amendments 35 to 39, the final amendments that my hon. Friend the Member for Christchurch has tabled to the Bill. In case I have got that wrong, I want to touch on clause 18 and amendment 35, which relates to it. The clause talks about

"Any person who intentionally obstructs any authorised officer".

Mike Freer: I am happy to reconfirm that I have accepted amendments 35 to 39.

Philip Davies: I am grateful to my hon. Friend for clearing that up, because I had a great deal of concern about what constituted an intentional obstruction of an authorised officer and what constituted an unintentional obstruction. As he has made it clear that he will accept amendment 35, which will delete clause 18, I do not propose to waste the House's time by going through it.

I will mention amendment 21, because it appears that my hon. Friend the Member for Finchley and Golders Green has not accepted it. It relates to clause 8 and the issue of postage. Given that he has been so generous in accepting the amendments tabled by my hon. Friend the Member for Christchurch, I am surprised that my hon. Friend the Member for Finchley and Golders Green has not accepted amendment 21. I will give it a whirl and try to persuade him that he should accept that amendment as well. It seems not only to be harmless, but to be in the best interests of the local authorities.

Clause 8 attempts to strike out the requirement that the council send its enforcement notices

"in a prepaid registered letter, or by the recorded delivery service",

and to substitute for it a requirement to send them "by post". Amendment 21 would strike out that change and ensure that local authorities had to send notices by prepaid registered letter or the recorded delivery service. It is perfectly reasonable that councils should do that, for a number of reasons. These are important matters, as I am sure my hon. Friend the Member for Finchley and Golders Green will accept. That is why the Bill tries to address them. If they are such important matters, surely the local authority should have to reflect that importance by sending notices out by recorded delivery or registered post.

I wonder how many of these infringements my hon. Friend the Member for Finchley and Golders Green expects to occur, given that clause 8 relates to the City of Westminster Act 1996, which makes provision about the closure of unlawful sex establishments.

Mike Freer: I cannot give my hon. Friend a particular number, but I can try to help him on the issue of postage. My recollection is that county court judgments, council tax arrears notices or bailiff action, penalty charge notices and speeding tickets are not issued by registered post. They are all issued through the Royal Mail. If it is good enough for the police or the courts, surely it is good enough for councils.

Philip Davies: I am grateful to my hon. Friend, who makes a fair point, but of course the big difference between the cases that he mentions and this one is that there is quite a large volume of those notices to go out in the post, so there is a substantial cost saving to the taxpayer in having them sent out by post rather than registered post or recorded delivery.

That brings me back to my question about how many notices my hon. Friend expects to be sent out under the provisions of the 1996 Act about the closure of unlawful sex establishments. I cannot for the life of me believe that the local authority will send out hundreds of thousands of them in any given year. Surely we are talking about a handful at the most—maybe, on the generous side, 15 or 20. I cannot imagine it could possibly be any more than that. So what cost saving would there be? It seems to me that the local authority might save itself £50 or £60 if the change were made, and I suspect that that is a very generous estimate. I am all for local authorities saving money, but surely there are far bigger fish to fry in that context.

I believe that the change would not save the local authority money but end up costing it more. When somebody is sent something simply through the post rather than by registered post or recorded delivery, we do not know whether it has been delivered. When something is sent by registered post or recorded delivery we do know that, because it can be traced back through the Royal Mail. Nobody can deny that they have received the letter. If it is sent out by ordinary post, who is to know whether it has been received by the intended recipient? It may well have been, but it may not.

If the intended recipient claimed, rightly or wrongly, that they had not received it, and the council intended to pursue an enforcement notice on the back of the letter that they sent out, where would the local authority stand? Would it be able to pursue an enforcement notice if the recipient said, "Well, you may have sent it by post, but I never received it, and you've got no evidence at all to say that I did"? Might that be contested in the courts? Might a magistrates court or district judge say, "Well, it's not beyond the realms of possibility that this person did not receive the letter, so we're not allowing this enforcement notice to go ahead until we can be sure that they've received the official documentation from the local authority"? To risk going down that road to save a maximum of £50 or £60 a year, or whatever, seems to me unbelievably ridiculous. I suspect that the change would cost local authorities more in the long run. As my hon. Friend has been so generous in accepting other amendments, I really do not see why he is not prepared to accept one that seems so very small.

Mr Chope: My hon. Friend is making a powerful case against clause 8(3) and (4). Does he accept that one problem with the proposed change is that it could well result in a lot of injustice? People could find that they

[Mr Chope]

faced the closure of an establishment alleged by the council to be an unlawful sex establishment, although they had not received the notice because it had been sent by ordinary post.

3.45 pm

Philip Davies: I was describing people who would simply pretend that they had not received the notice because there would be no trace of it, but my hon. Friend is right that there would be another group—those who genuinely did not receive the notice. What happens in that situation? Does the local authority simply send people to close down an establishment even though the proprietor has no knowledge that that is about to happen? Could that happen when the proprietor has lots of customers inside their establishment, which would cause a great deal of embarrassment for them and damage any legitimate businesses they might have?

That is a totally unsatisfactory state of affairs. If someone is having their business closed by the local authority and if their establishment is deemed to be unlawful, surely the least they can expect is a guarantee that they will receive the notice that makes that clear. Surely it is this House's responsibility to defend people's freedoms in this country, and to ensure that local authorities have taken every reasonable step to ensure that somebody knows about an enforcement that is about to take place.

We should not allow there to be doubt as to whether someone has or has not received a notice. I am sure that Royal Mail does a fantastic job, but even it would not guarantee that every letter reaches its intended recipient. I ask my hon. Friend the Member for Finchley and Golders Green to think again on amendment 21 and also to think of the upside and downside for local authorities of defying it. I hope that he will reflect on that and decide, in the spirit of consensus that he has adopted, to accept it.

I congratulate my hon. Friend the Member for Christchurch on his diligence and hard work. Such things are very important to people. We see from the lack of numbers in the Chamber that other hon. Members have probably not even bothered to look at the provisions in the Bill, whereas he has gone through them with a fine-tooth comb and found where our individual freedoms are being put at risk by unnecessary local council bureaucracy and officialdom—and sometimes even worse.

I commend my hon. Friend the Member for Christchurch for tabling the amendments, and I am delighted that my hon. Friend the Member for Finchley and Golders Green has accepted them. I do not know whether he has done so tactically to oil the wheels of the Bill or whether he has been persuaded by the case made by my hon. Friend the Member for Christchurch. I suspect the latter. My hon. Friend the Member for Finchley and Golders Green is a reasonable man who listens to the arguments, and I genuinely believe that he has been persuaded by my hon. Friend the Member for Christchurch.

I hope my hon. Friend the Member for Finchley and Golders Green has been persuaded of the merits of amendment 21 and that he will reflect on it while there is still time. I suspect that he will not change his mind on amendment 9, which is why I hope that my hon. Friend the Member for Christchurch will find a way to press it to a Division, and that you, Madam Deputy Speaker, will find a way to accept that. I can assure my hon. Friend that if that happens I will support him in the Division Lobby, because I want to support and defend the fundamental freedoms of people in this country, not least those of people from my constituency who visit London.

Chris Williamson (Derby North) (Lab): I very much concur with the contribution made by the hon. Member for Finchley and Golders Green (Mike Freer). Far from there being a lack of support for the Bill from London Members, I remind hon. Members that on Second Reading, there was considerable representation on both sides of the Chamber and hon. Members spoke with enthusiasm for the provisions. It is very unfair for hon. Members today to suggest that the lack of Members in the Chamber justifies their stance.

Mr Chope: The hon. Gentleman will know that since the Bill was debated on Second Reading, the Opposed Bill Committee has deleted quite a lot of its contents. Given, as he says, that the Bill was supported so enthusiastically on Second Reading, is it not possible that the reason why so few people are interested now is that so much of it has been deleted?

Chris Williamson: I suspect that that might be part of the explanation. I regret that some of the clauses were removed in Committee, particularly the ones relating to food hygiene—the scores on the door proposals—and to houses in multiple occupation. Having said that, the Bill is still worthy of support from this House. If these measures are subject to a Division, I urge hon. Members to do the right thing and support the Bill.

The hon. Members for Christchurch (Mr Chope), for North East Somerset (Jacob Rees-Mogg) and for Shipley (Philip Davies) have subjected us to a range of fairly spurious and absurd criticisms of the Bill. They have enjoyed poking fun at local authorities, which is an indication of their lack of support for local government and what local authorities do in our communities. The Opposition take the view that local authorities are very much a force for good. They are a form of government that is close to the people whom they serve. Elected members at a local level—local councillors—do an excellent job in representing and standing up for their constituents. This Bill has the support of all 33 local councils across London of every political persuasion, so it has cross-party support. It gives local authorities in London the ability to stand up for their communities and the residents who elect them.

Philip Davies: The hon. Gentleman seems to be advocating a curious line of argument. Is he really suggesting that in order to demonstrate our support for local authorities, we have, by definition, to agree to give them the same powers that police officers have? To suggest that that is the only way to support them is surely absurd.

Chris Williamson: It is not absurd. It is the hon. Gentleman who has been making a number of absurd criticisms. The point is that this Bill has cross-party support; all 33 London councils support the powers

that this Bill would give to them to stand up for their communities. There are very real problems that this Bill will help to address.

The hon. Gentleman talked about freedom. It seems to me that he wants to stand up for the freedom of an individual to act in an antisocial way. What about the silent majority of decent, law-abiding citizens whose neighbourhoods are often blighted by the activities of a small minority? If this Bill is passed, it will give local authorities, where it is appropriate and necessary, an ability to address those concerns of local residents. At the moment, local authorities are in many ways powerless to deal with the problems that confront them. It is important that this House gives local authorities the tools that they need to do their job.

Let us be clear about this. One hon. Member—I cannot remember whether it was the hon. Member for Christchurch, the hon. Member for North East Somerset or the hon. Member for Shipley—talked about the austere times in which we live. I accept that that is true and that local authorities are being subject to unjustified cuts. The problem is that if these measures are not agreed today and local authorities are not given these new powers, the cost of dealing with the consequences of the sorts of activities that we have been talking about will be that much higher. I cannot believe that the Government Members who oppose the Bill think it a good idea that we should deny local authorities the ability to address more effectively problems that not only blight neighbourhoods and the lives of ordinary people, but cost council tax payers in those local authority areas considerable sums. Surely it is far better to give local authorities the powers to deal with those problems and put in place the deterrent measures provided for in the Bill, which might help to stamp out problems that are a cause of considerable concern.

Mr Chope: Does the hon. Gentleman not accept that on issues as fundamental as civil liberties we should have national laws rather than local laws? Is it not incumbent on this House to speak not only on behalf of the residents of London, but on behalf of the people who come to London—the visitors, the people who work in London and those with other interests in London? Is it not our responsibility to look at the big picture, rather than the sectional interest?

Chris Williamson: If I may say so, the hon. Gentleman seems to be overstating the civil liberties argument. In my view, this is not an illiberal Bill in any way, shape or form, nor does it impinge on the civil liberties of decent, law-abiding citizens. Surely he can see that it is sensible and proportionate to give local authorities the tools they need to address the genuine concerns of large numbers of their constituents about what are significant problems. Surely he can see that if we do not give local authorities the tools to do that job, the whole political process is brought into disrepute. When constituents approach their Member of Parliament or their councillors to ask for assistance in finding a resolution to the sorts of issues that this Bill would deal with, and find that they are unable to assist them, people lose faith in the political process. Surely that is a more important issue than some spurious argument about civil liberties.

Philip Davies: I am amazed that the hon. Gentleman thinks that civil liberties are a spurious issue, although that gives an insight into what the Labour party believes in these days. How does he expect his constituents in Derby to know that although they do not have to give their names and addresses to a council official in Derby, they do have to give them to a council official in London? Is he going to go around personally communicating that message to every one of his constituents, or are they expected to know by some remote control device?

Chris Williamson: The hon. Gentleman is putting words into my mouth. I did not say that civil liberties were a "spurious issue". My point is that he and his hon. Friends are using the civil liberties argument in a spurious way.

As for my constituents coming down to London, if the hon. Gentleman reads the relevant clause in the Bill, he will see that it deals with the anxiety—if it is a genuine anxiety—that he has expressed. The Bill is clear that a designated individual from the council would have to demonstrate their authorisation to seek the information that they were requesting, so that issue is dealt with. However, the vast majority of people coming from Derby to visit our great capital would have no difficulty with council officers as a result of the Bill. This Bill is about ensuring that local authorities can stand up for the silent majority—in other words, the vast majority—of those living in London, who want local authorities to be able to respond effectively to local residents' concerns about a range of issues that the Bill would go some way towards addressing.

Mr Chope: To dwell a moment more on the issue of Derby, is the hon. Gentleman content that under the Bill a council officer or accredited person from London could go to one of his Derby constituents and serve a fixed penalty notice on him that had resulted from a parking offence in London, whereas a similar official from Derby council could not go to the same resident to serve a fixed penalty notice in relation to an offence committed in Derby?

4 pm

Chris Williamson: I do not have a major problem with that. I think that the circumstances of London are, to be fair, unique. It is a more populated—I will not say overpopulated—and busy city with unique problems and unique issues. That means that different measures and powers might be more appropriate in London than they might be, say, in Derby. As I say, I have no difficulty at all with that, and for the reasons I have outlined, I support the hon. Member for Finchley and Golders Green. The Opposition are quite content with the Bill's provisions.

Tom Brake (Carshalton and Wallington) (LD): I rise to speak very briefly. First, I declare an interest in that my wife works for a London local authority. Secondly, I support the Bill. It is entirely appropriate for Parliament to support giving greater powers to local authorities where necessary. We should not be scared of there being a patchwork quilt of different powers at different levels in different places. I am sure that we and our constituents can cope with that. The portrayal by some Members of people who work in local authorities as being either little dictators or scruffy bureaucrats is extremely unfair. I am sure that some of those Members must be hoping

[Tom Brake]

that their constituents, many of whom work for local authorities, will not read *Hansard* too closely; if they do, they will see the views of their MPs contained therein.

The Parliamentary Under-Secretary of State for Communities and Local Government (Robert Neill): I am grateful that I have been given the opportunity to sit through this almost unique debate. I hope to participate fairly briefly, as Members still wish to consider other aspects of the Bill in the time available.

It is fair to say that this is an unusual type of Bill and this is probably an even rarer stage of debate on it. I am grateful to all Members who have participated and hope they will forgive me if I do not follow them down all the highways and byways through which the debate has ranged. I shall say a few words factually about the Government's stance and position on the Bill as we now find it, and I shall cover a little of the history.

I believe this Bill started out before the last general election. It is, of course, a private Bill, so a different set of procedures apply. It has been changed a great deal in the course of its passage. It is worth remembering that it is more than a year since the Bill was last debated in this House and there have been some significant changes. Because it is an unusual form of legislation, it is right that the appropriate level of scrutiny is given to it. I appreciate the spirit in which Members of all parties have approached the debate.

The changes take on board to some extent the concerns raised by the Government at an earlier stage. I hope hon. Members will recollect—I looked back and checked—that my concerns focused in particular on measures that potentially placed undue burdens on businesses, business owners and entrepreneurs or that otherwise did not sit comfortably with Government policies.

In fairness, the principal elements that concerned the Government on Second Reading have been removed, and I thank the Bill's supporters for their flexibility and willingness to compromise. As is normal in the case of such Bills, all the Departments that might be affected have been consulted, and no concern has been expressed about direct conflict with Government policy. As far as can be ascertained, it has historically been the convention for Governments to take a neutral position on private Bills, and that is what the Government intend to do in this instance. The Bill has been scrutinised by the House, and it is therefore appropriate for the Government to defer to the conclusions that Members reach on the basis of what we have heard so far, and of what we may yet hear before the day is out.

Mr Chope: It seems that the Government are now saying that they are taking a neutral position. However, on Second Reading they expressed something other than neutrality: they expressed opposition to certain provisions. Can I tease out from my hon. Friend a little more about how the Government decide when they will be neutral, when they will be opposed, and when they will support a private Bill?

Robert Neill: Because there is comparatively little of what could almost be described as jurisprudence in this regard, we must depend to some extent on precedent, while also applying a measure of practicality on a case-by-case basis.

Given that background, I do not think it appropriate to elaborate further at this stage.

Mr Chope: We have had an excellent debate. I thank all who have participated, including those who have made telling interventions. The right hon. Member for Carshalton and Wallington (Tom Brake) was not present for much of the debate, but I am grateful to him for his participation, although he did not go into much detail. I am also grateful to my hon. Friend the Member for Finchley and Golders Green (Mike Freer) for listening to the arguments and, as a result, giving notice that, on behalf of the promoters, he will accept a fair number of my amendments.

I thank my hon. Friends the Members for North East Somerset (Jacob Rees-Mogg) and for Shipley (Philip Davies) for supporting the amendments, thereby contributing significantly to the decision of my hon. Friend the Member for Finchley and Golders Green to accept so many of them. They go some way towards improving some of the clauses in the Bill, but, as was pointed out by my hon. Friend the Member for North East Somerset, they do not do anything other than ameliorate the Bill. They do not address some of the most fundamental issues.

My hon. Friend the Member for North East Somerset spoke for some time about clause 4, which contains the power to require names and addresses. He cited a number of historical precedents. I thought the Homeric example was the most telling, but the reference to P. G. Wodehouse was also very pertinent. However, underlying his argument, which he made in his inimitable and witty style, were some serious issues that touched on the reason why we have not had revolutions in the United Kingdom for centuries. We have always accepted the primary importance of allowing citizens their liberties, and we take away those liberties only if there is a strong case for so doing. Recently, however, there has been a gradual erosion of the right to which he referred—the right of a person not to tell anybody their name, address and identity unless they have committed, or are thought to be committing, a criminal offence, and even then only if that information is demanded by a police constable.

That right was jealously guarded when the House considered the legislation relating to police community support officers. The House realised that PCSOs might need to ask the identity of individuals who they thought were committing criminal offences. Even then, however, the House did not allow PCSOs to have the power of arrest. Instead, it said that PCSOs could ask someone who refused to give their name and address or whom they suspected of giving an inaccurate name and address to stay behind for up to half an hour, during which time a police constable could come along and effect the necessary arrest.

Clause 4 would significantly extend that power to borough councils and police community support officers, although as a result of the amendments that my hon. Friend the Member for Finchley and Golders Green has accepted, clause 4 will no longer apply to accredited persons. Obviously we are grateful for that, but we think that the power in clause 4 to require names and address, coupled with the power effectively to criminalise a person and subject them to a maximum £1,000 fine for refusing to supply that information, is wrong in principle.

It is all the more wrong that the law should apply in one part of the country and not across the country as a whole. The House should deal with issues of civil liberties on a national basis, rather than on a piecemeal basis. Nobody has made the case for why borough councils or PCSOs in London should have greater powers to obtain names and addresses and to impose penalties if they are not supplied than powers elsewhere in the country. At the heart of the provision, therefore, is a problem. It is a misuse of a private Bill to extend powers at the expense of ordinary citizens in London, especially if the same is not being done elsewhere in the country.

The hon. Member for Derby North (Chris Williamson) and the right hon. Member for Carshalton and Wallington said, quite reasonably, that the Bill was supported by the 33 London boroughs, but that is not an end in itself. If this was simply a matter of byelaws, those London boroughs could implement them; but here we are introducing public law and criminal restrictions in London and not elsewhere in the country. It is incumbent upon the House to consider the matter not only from the point of view of a resident of a London borough, but in a national context and from the point of view of people who work in London, visitors and others.

Philip Davies: Is that not the crux of the matter? It is no surprise that local authorities are in favour of the provisions. If the House is to provide for hugely extended powers, it is perfectly likely that the bodies getting those increased powers will be in favour of them. Is it not the House's duty to prevent such bodies from having undue extra powers at the expense of individuals in our constituencies?

Mr Chope: My hon. Friend is right, and he made a powerful speech asking why people in Shipley should be dealt with differently from people in London, and why people from Shipley who happen to be visiting London should find they are subject to a different set of laws from those that would apply if they were in their own constituency. We realise that the laws will be different if we visit a foreign country, but we do not expect that to be the case between different parts of England—such as for people from Shipley, Christchurch or even Derby—let alone the rest of the United Kingdom.

4.15 pm

There is a fundamental issue of principle here, and I am disappointed that my hon. Friend the Minister says the Government are neutral on this matter. How can the Government be neutral on an issue of civil liberties that affects the entire country? How can they say, "We are totally relaxed about whether there is an erosion of civil liberties in London but not elsewhere"? It seems to me that the Government ought to have a view on that.

My hon. Friend the Minister says that the jurisprudence is unclear. I impress on him the fact that he, as the Minister, is able to establish precedent from the Dispatch Box. Perhaps he will seize that opportunity, if not on this set of amendments then on subsequent amendments, and thereby set a precedent and establish the future jurisprudence on when the Government are neutral, when they are opposed and when they are in favour of a particular provision of a private Bill.

I must not be too critical of the Minister, however, as he could have expressed the view that he was supportive of the promoters of the Bill in this regard. I must take some solace from the fact that he and the Government are neutral. The message that that sends to Members is that, as private Bill business should be, this is very much a matter of private conscience. It is nothing to do with the Whips. Each Member must make up their own mind as to whether they think it is reasonable that we should extend to London the power to require names and addresses subject to a penalty for failure to give that information as proposed in clause 4, or whether we should say that if we are going to extend that power to local authorities in the future it should be extended across the entire country after a proper debate.

This has been an excellent debate and I thank all those who have participated. The promoters of the Bill have indicated a willingness to accept a number of the amendments, and I seek to have them incorporated into the Bill, if that is the will of the House, but I also wish to test the opinion of the House on amendment 9.

Amendment 5 agreed to.

Amendment 8 made.—(*Mr Chope.*)

Clause 4

POWER TO REQUIRE NAME AND ADDRESS

Amendment proposed: 9, leave out clause 4—*[Mr Chope.]*

Question put, That the amendment be made.

The House divided: Ayes 57, Noes 145.

Division No. 409] **[4.18 pm**

AYES

Afriyie, Adam
Baron, Mr John
Bridgen, Andrew
Bruce, Fiona
Cairns, Alun
Cash, Mr William
Coffey, Dr Thérèse
Colvile, Oliver
Davis, rh Mr David
Dodds, rh Mr Nigel
Dorries, Nadine
Doyle-Price, Jackie
Drax, Richard
Field, Mark
Gray, Mr James
Griffiths, Andrew
Harris, Rebecca
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hollobone, Mr Philip
Jenkin, Mr Bernard
Kirby, Simon
Knight, rh Mr Greg
Lee, Dr Phillip
Leigh, Mr Edward
Leslie, Charlotte
Lewis, Brandon
Lewis, Dr Julian
Lloyd, rh Mr Elfyn
Lord, Jonathan
Main, Mrs Anne
McCartney, Jason
McCartney, Karl
McCrea, Dr William
Mills, Nigel
Mosley, Stephen
Munt, Tessa
Nuttall, Mr David
Paisley, Ian
Phillips, Stephen
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Robertson, Mr Laurence
Shannon, Jim
Simpson, David
Smith, Henry
Syms, Mr Robert
Tapsell, rh Sir Peter
Turner, Mr Andrew
Tyrie, Mr Andrew
Walker, Mr Charles
Weatherley, Mike
Wheeler, Heather
Whittaker, Craig
Wilson, Sammy

Tellers for the Ayes:
Mr Christopher Chope and
Philip Davies

NOES

Allen, Mr Graham
Andrew, Stuart
Ashworth, Jonathan
Bailey, Mr Adrian
Bain, Mr William
Banks, Gordon
Barron, rh Mr Kevin
Beith, rh Sir Alan

Benton, Mr Joe
Betts, Mr Clive
Blackman, Bob
Blackman-Woods, Roberta
Blenkinsop, Tom
Blomfield, Paul
Bottomley, Sir Peter
Brake, rh Tom
Brennan, Kevin
Brooke, Annette
Brown, rh Mr Nicholas
Byles, Dan
Campbell, Mr Alan
Chapman, Mrs Jenny
Clark, Katy
Clarke, rh Mr Tom
Clifton-Brown, Geoffrey
Clwyd, rh Ann
Coaker, Vernon
Corbyn, Jeremy
Crausby, Mr David
Creagh, Mary
Creasy, Stella
Crockart, Mike
Cryer, John
Cunningham, Tony
Dakin, Nic
Danczuk, Simon
David, Mr Wayne
De Piero, Gloria
Dobbin, Jim
Docherty, Thomas
Donohoe, Mr Brian H.
Doran, Mr Frank
Dowd, Jim
Doyle, Gemma
Edwards, Jonathan
Ellison, Jane
Esterson, Bill
Evans, Graham
Evans, Jonathan
Flynn, Paul
Francis, Dr Hywel
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
George, Andrew
Gilmore, Sheila
Goodman, Helen
Griffith, Nia
Hamilton, Mr David
Hanson, rh Mr David
Healey, rh John
Hendrick, Mark
Hermon, Lady
Heyes, David
Hillier, Meg
Hilling, Julie
Hinds, Damian
Hodge, rh Margaret
Hodgson, Mrs Sharon
Hollingbery, George
Hopkins, Kelvin
Hughes, rh Simon
Huppert, Dr Julian
Jamieson, Cathy
Jarvis, Dan
Johnson, Diana
Johnson, Gareth
Johnson, Joseph
Jones, Graham
Jones, Mr Marcus
Jones, Susan Elan
Joyce, Eric
Lammy, rh Mr David
Lavery, Ian
Laws, rh Mr David
Lazarowicz, Mark
Leslie, Chris
Lloyd, Tony
Long, Naomi
Mactaggart, Fiona
Mahmood, Shabana
Mann, John
McCabe, Steve
McClymont, Gregg
McDonnell, John
McFadden, rh Mr Pat
McGovern, Jim
Michael, rh Alun
Miller, Andrew
Mitchell, Austin
Morrice, Graeme *(Livingston)*
Morris, Anne Marie
Munt, Tessa
Murray, Ian
Offord, Mr Matthew
Onwurah, Chi
Ottaway, Richard
Owen, Albert
Perkins, Toby
Pound, Stephen
Pugh, John
Raynsford, rh Mr Nick
Reynolds, Jonathan
Robinson, Mr Geoffrey
Rosindell, Andrew
Ruane, Chris
Russell, Bob
Sanders, Mr Adrian
Shuker, Gavin
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, Nick
Speller, rh Mr John
Stevenson, John
Stewart, Iain
Sturdy, Julian
Swales, Ian
Tami, Mark
Thomas, Mr Gareth
Timms, rh Stephen
Tomlinson, Justin
Umunna, Mr Chuka
Vickers, Martin
Walker, Mr Robin
Watson, Mr Tom
Whitehead, Dr Alan
Williams, Mr Mark
Williams, Roger
Williams, Stephen
Williamson, Chris
Willott, Jenny
Wilson, Phil
Woodward, rh Mr Shaun
Wright, Mr Iain

Tellers for the Noes:
Heidi Alexander and
Andrew Percy

Question accordingly negatived.

Madam Deputy Speaker (Dawn Primarolo): With the leave of the House—*[Interruption.]* I know it is exciting, Mr Percy, being a Teller, but perhaps if Members took their seats it would make the business easier. With the leave of the House we will take amendments 10 to 12 and 14 together.

Amendments made: 10 to 12 and 14.—(Mr Chope.)

Clause 5

Street litter control notices

Mr Chope: I beg to move amendment 15.

Madam Deputy Speaker (Dawn Primarolo): With this it will be convenient to consider amendments 16 to 20, 3 and 4.

Mr Chope: It is a great pleasure to speak to this group of amendments. The lead amendment would remove clause 5 from the Bill and I tabled it because the clause extends significantly the provisions of the Environmental Protection Act 1990 in relation to street litter. It offends against the principle that we were discussing on the previous group of amendments by making this extension apply merely in Greater London, rather than across the country as a whole. It is implicit in the fact that this is being brought forward in a private Bill that the Government would not support such an extension across the whole country. My argument is that in a unitary state we should have the same laws on street litter control in London as apply in the rest of the country.

The effect of clause 5 is summarised on page 2 of the explanatory memorandum to the Bill, which states:

> "Street litter control notices are notices served under section 93 of the Environmental Protection Act 1990. They can be served by the principal litter authority (in London, the borough council) imposing requirements on occupiers of premises with a view to the prevention of accumulations of litter or refuse in and around any street or open land adjacent to any street. Under section 94 of the 1990 Act, the Secretary of State is given power to prescribe the descriptions of commercial or retail premises in respect of which a street litter control notice may be issued, amongst other things."

The 1990 Act deals with commercial or retail premises. It gives the power to the Secretary of State to prescribe the descriptions of commercial or retail premises—in other words, to limit the application so that it extends not to all commercial or retail premises, but only to some of them. The effect of clause 5 would be to extend the type of premises that the Secretary of State can prescribe under section 94 so that it includes all premises in Greater London, except for what are described as dwellings, which most of us would call houses. This will bring into the scope of the street litter control notice procedures public buildings and other buildings that are not commercial or retail premises.

This sweeping power was brought in to deal with the problem that many of us experience with premises occupied by takeaway food shops. For example, people go into the takeaway food shop, collect their food in a container, then think it best to deposit their container on the public highway or on the pavement after they have consumed its contents, and sometimes before they have consumed all of its contents. That causes a nuisance.

Similarly, where there are retail banking premises with cash tills, people often ask for a receipt, take their money, and as soon as the receipt is issued, they throw it on to the ground. That is the sort of litter nuisance which the existing provisions of the Environmental Protection Act are designed to address.

What has obviously come to the notice of the officers of Westminster city council and other councils in London is that people sometimes hang around in the porches of offices smoking, because they are not allowed to smoke inside the offices. It is said that as a result of that, enormously increased powers are needed under the provisions of clause 5 in order to extend to every single building in London, other than a dwelling, the ability of the council to impose a litter requirement on the occupiers of those premises. That could involve them having to regularly sweep or maintain areas well beyond their own premises, in effect duplicating the role of the public street sweeper.

It seems that this, like so much in the Bill, is a sweeping provision to deal with what is, according to any view, a relatively small issue. If people stand outside a building to smoke and deposit their litter on the street, they are already guilty of an offence that can be enforced, but if the litter falls on private land it is the responsibility of the owner of the land to clear up the detritus and debris. Sensibly, containers are often provided outside buildings so that people can stub out their cigarettes and throw away their fag packets. I am not a smoker, but I know that that is what happens in the designated smoking area on Speaker's Green, where people working on the premises can put their smoking litter in a receptacle.

Considering the pretext set out in the Bill's preamble, one wonders why this enormously wide power is being taken. If this is a problem in London, it is obviously not unique to the city and applies in every town and city across the land. Many people think that the councils have a hidden agenda to transfer responsibility for cleaning public highways to adjacent landowners. For example, almost every office on Victoria street could have a litter control notice issued to it, the consequence of which would be that their owners would have collective responsibility for cleaning the pavement along the entire length of the street. That would be true of almost every street in central London, which on the whole are occupied by commercial premises and Government buildings, rather than residential accommodation.

There is a concern that this provision is a sledgehammer to crack a nut. It is far too extensive. Indeed, one of the petitions initially put forward against the Bill noted the objections of the society of theatre managers, which could see that it was effectively another stealth tax on their activities. People leaving the theatre might drop their tickets or cigarette butts, but that is not the fault of the theatre. If those people drop their litter, surely it should be the responsibility of the local authority to collect it as part of its normal street sweeping exercises.

A large number of people are very concerned about Westminster city council's plans to raise vast sums of additional income by extending on-street parking restrictions until midnight on weekdays and introducing them for the first time on Sundays. The council's income will increase significantly, yet this provision in the Bill allows the council the opportunity to absolve itself of responsibility for keeping the streets clean and to pass the cost of doing so on to office owners. There is a complete difference between a takeaway food shop, which makes its profits out of giving customers food in packages that they can take out of the shop and dispose of, and an office or public building, where people congregate outside the front door to have a discussion over a cigarette.

4.45 pm

That is the background to clause 5. It is one of the Bill's provisions that was not really discussed in the opposed Bill Committee, and that is why it is worth discussing it in the House this afternoon. We need to take into account its genuine motives, because the current explanation does not add up. It is implausible and it shows that there is a secret agenda to transfer the responsibility for and cost of street sweeping from local authorities to the adjacent occupiers of premises such as public buildings and offices.

If my hon. Friend the Member for Finchley and Golders Green were to make a compelling case, explaining exactly why those wide-ranging additional powers are needed, the House would take that into account, and amendment 15 gives him the opportunity to do just that.

That brings me to clause 6, and to amendment 16, which would leave the clause out of the Bill. Clause 6 removes the prohibition on turnstiles in public lavatories in London, stating:

> "Section 1 of the Public Lavatories (Turnstiles) Act 1963...shall not apply in respect of a public lavatory or public sanitary convenience controlled or managed by a borough council."

In that context, it is relevant to note that the Bill was presented to the House in November 2007, but that it was not until the following spring that the then Government, of whom you, Madam Deputy Speaker, were a distinguished ministerial member, issued a paper on public conveniences. The paper was introduced by Baroness Andrews and entitled, "Improving Public Access to Better Quality Toilets: A Strategic Guide". I do not know, Madam Deputy Speaker, whether it ever had your approval as a Treasury Minister, but it extended to many pages and refers to the turnstile provision under discussion. As though that were not enough, the Select Committee on Communities and Local Government then carried out an inquiry into the issue.

That reminds me of when I was a trainee barrister and we had occasion to go down to the Old Bailey and watch some cross-examination. Learned counsel said to the witness, "And what happened next in the lavatory?" and the witness said, "Well, what happened in the toilet was this," and so it went on, with the witness insisting that the right expression was "toilet" and learned counsel insisting that it was "lavatory". Anyway, under the erstwhile Deputy Prime Minister, who was in charge at the time I think, the paper was very much about improving public access to better quality "toilets" rather than "lavatories".

Be that as it may, the Select Committee looked into the issue and concluded that the problem was one of too many turnstiles in public lavatories on private land, citing the difficulties one sees at some railway stations, where people try to get through the turnstile with their luggage, trolley or pushchair and cannot do so. The Committee therefore suggested that a similar prohibition on turnstiles should be extended to private premises, but the Bill before us goes in completely the opposite

direction and removes the prohibition on turnstiles in public lavatories on council-owned premises.

If we have to finish these proceedings shortly, I hope that my hon. Friends will have a chance to look in greater detail at the abundant material on the issue, and that when they look at it they will be persuaded—

4.50 pm

Three hours having elapsed since the start of proceedings on the Bill, the business was interrupted (Order, 1 December).

Bill to be further considered on Tuesday 13 December.

Animal Experimentation

Motion made, and Question proposed, That this House do now adjourn.—*(Greg Hands.)*

4.50 pm

Mr David Amess (Southend West) (Con): Throughout my time in Parliament I have consistently campaigned on animal welfare issues. I do not believe that I have been unreasonable, extreme or silly about those issues, but I have endeavoured to ensure that animals' interests have been represented in this Chamber. By virtue of a ten-minute rule Bill, together with Lord Houghton of Sowerby and the then Minister, Douglas Hogg, I was fortunate to secure on the statue book the Protection against Cruel Tethering Act 1988. There are many other animal welfare measures regarding pet shops, exotic and endangered species, puppy farming and the like which I have tried to encourage through legislation. In 1986 I served on the Committee that considered the Animals (Scientific Procedures) Bill.

In 1876 Parliament passed the first legislation in any country in the world to control live experiments that might cause pain. The Cruelty to Animals Act 1876 was a response to some horrifying reports about the practice of surgical procedures on live animals without anaesthesia. That Act stood the test of time well, but the 1986 legislation brought it up to date. I well remember the then Minister, David Mellor, doing battle with the former Member of Parliament Harry Cohen. It was a very interesting exchange of views, but I am glad that the measure that ultimately reached the statute book was well appreciated.

The European Union has adopted a new directive on animal testing—Directive 2010/63. I point out to the Minister that the Home Office will be amending the Animals (Scientific Procedures) Act 1986 to comply with the directive. A number of colleagues have already contacted me to say that they are very concerned about this matter. It is true that there will be a public consultation, and I understand that the Home Office is currently analysing responses and putting together a draft proposal that will be sent to Parliament next year. However, my colleagues and I are very concerned about the European directive, simply because we in this country pride ourselves on the way in which we treat animals, and we need to be convinced that all countries in the European Union have the same high standards as we do.

Our country is allegedly a nation of animal lovers. Sadly, words and actions do not always match up. I consider the measure of a civilisation to be how animals are treated. I pay tribute to the many organisations and groups that battle to stop cruelty to animals, helping to generate support and awareness about various issues. As regards the particular matter that I wish to raise with the Minister, I am indebted to Kathy Archibald and Louise Owen, who, among others, have briefed me so well. Indeed, they are probably on the line now, hoping that I can make changes to the speech and get in yet another piece of lobbying.

Writing in *Nature Reviews Drug Discovery*, David Horrobin answered the question:

"Does the use of animal models of disease take us any closer to understanding human disease?"

His response echoes the concerns that I wish to raise in the House tonight:

"With rare exceptions, the answer to this is likely to be negative."

The process before clinical drugs come to be tested on a human being should be well understood, but I am not sure that it is. Anyone who hopes to get a new drug on to the market must first put it through a series of tests on various animals. It is that reliance on animals as a final safety screen before products go to clinical trials that concerns me, for that "safety screen" is no such thing. Animal models are not a reliable indicator of how a human being will react to a drug.

My hon. Friend the Member for Stourbridge (Margot James), who has just taken her place, will be glad to hear that I have already raised the European directive that she is concerned about, and that the Minister nodded. I am therefore optimistic that Home Office officials will be working on the advice right now.

The safety of medicines is an issue of increasing concern. Every year, 1 million Britons are hospitalised by prescription medicines. That costs the NHS up to £2 billion a year. The Safety of Medicines Bill, which I introduced earlier this year, is intended to safeguard against this growing problem. I believe that the Bill has widespread support—but then I would say that. However, it has been misrepresented, although not intentionally I am sure, and it has certainly been misunderstood. Although my opposition to cruelty to animals is well documented, it is important to make it absolutely clear that the Bill does not call for animal tests to be replaced per se. It is about determining the best means to ensure the safety of medicines and to protect patients against adverse drug reactions.

It could be argued that the use of animals is ethically and morally wrong. Many people would argue that strongly. However, in this debate the criticism of the use of animals focuses not on the suffering of the animal, which can be quite shocking, but on the fact that animal models are not accurate indicators of human responses. That in turn creates risks for volunteers, patients and sufferers during and after human clinical trials. I believe that there is ample evidence to support the argument that animal models do not function properly in their role.

Jim Shannon (Strangford) (DUP): I do not often disagree with the hon. Gentleman or question him. However, there are many examples of medicines that have been perfected by their use on animals and have saved lives. How will he ensure that that continues to happen, given what he has been setting out? My concern is that there is some goodness in this practice. Let us not lose that.

Mr Amess: The hon. Gentleman and I do not disagree on many things, and it would be a shame if we fell out on this issue. I hope to prove by the end of my contribution that there would certainly not be the adverse impact that he fears.

Chris Williamson (Derby North) (Lab): I congratulate the hon. Gentleman on bringing this issue before the House, and I very much support him. I am sure that he is going to come on to this point, but my response to the hon. Member for Strangford (Jim Shannon) would be that in an infamous case, thalidomide was proven safe for use on animals, but we all saw the tragic consequences of that. There has been a lot of publicity about that, but there are many other examples that have not had the same level of publicity. As the hon. Member for Southend West (Mr Amess) pointed out—before the hon. Member for Strangford came into the Chamber, I think—1 million people a year are hospitalised as a result of taking prescription medication. We must consider that problem, and I hope that the Minister will listen to the contribution of the hon. Member for Southend West this evening.

Mr Amess: I welcome the support of the hon. Gentleman, whose maiden speech I was privileged to follow. I am going to mention two or three cases that enforce what he says.

There is ample evidence to support the fact that animal models do not function in their role. That is a very important matter for the Home Office to consider. In my time here many Ministers have held the relevant responsibility, and of course those advising Ministers are also very important. I do not expect the Minister to give me a firm yea or nay during the debate, but I hope she will write to me about the points that I make.

Experiments on animals cannot predict the mechanisms of the disease in question, risk factors or potential adverse reactions. According to the US Food and Drug Administration, the world's largest drug regulator—I hate to keep using America as the example, but it seems to have the latest data—92% of potential new drugs fail in human trials. We cannot just dismiss that, because it is huge number, but no publicity is given to it. The drugs fail either because they do not work on, or are not safe for, humans. I will come later to one famous and disastrous incident. After appearing safe and effective in animal tests, those drugs fail completely.

Communities of senior scientists are very much aware of the dangers of using animals as human indicators. The Safer Medicines Trust, the patient safety charity of senior scientists, including Sir Ian Wilmut, the renowned "father" of Dolly the sheep, has expressed its concern. It is clearly not opposed to animal experimentation per se, but it is concerned for patients and for science in general. Indeed, it has sent open letters to the Prime Minister and the Secretary of State for Health stating that the current system for ensuring the safety of medicines before clinical trials is inadequate and results in harm to volunteers and patients.

These are difficult times, and I know that people are paid to volunteer for trials, but there have been a number of well-documented disastrous consequences. The danger to human beings from the use of animal testing is clear. Even in pre-clinical stages, lives have been lost because the results have misled scientists.

I wonder how many people realise that penicillin stayed on the shelf for more than a decade because the results in the rabbits on which Fleming tested it led him to believe that it would be ineffective in humans. That was quite the wrong outcome—and we can think of the number of lives that could have been saved all those years ago.

Lives are threatened in the human clinical stages of trials. In March 2006 six young men took part in a clinical trial at Northwick Park hospital and were nearly killed by a drug that had been tested on monkeys and shown to be safe, even at 500 times the dose that the

[Mr Amess]

men were given. That is not a trivial matter, and I can remember clearly when it happened. Again, I do not expect the Minister to respond now, but I hope that after she has taken advice she will be able to discuss what happened in that trial.

Clearly, the results from the monkeys created a false sense of security, yet the risk carries over even when drugs pass to market. Any number of hon. Members will have had constituents lobby them on the painkiller Vioxx, which was eventually withdrawn in 2004 after the biggest drug disaster in history—it killed more than 100,000 people worldwide in its five years on the market. Clinical trials of Vioxx revealed up to a fivefold increase in the risk of a serious reaction such as heart attack, heart failure or stroke, but tests on animals indicated that it was safe, and in some instances that it was protective to the heart, which supported the manufacturer's decision to market the drug. I am currently dealing with two or three constituents whose loved ones were affected by the drug, and who are trying to get compensation, which, as hon. Members know, is quite a tough battle. One hundred thousand people were affected worldwide.

Why should animals be indicators of human response? Animals and humans are evolved complex systems and as such should be expected to demonstrate different responses to drugs and disease.

Margot James (Stourbridge) (Con): A number of drugs registered for humans are effective in animals. Dogs in older age respond very well to Prozac if they are a bit down, and a hypertension drug for humans has proved effective in restoring the vitality of apes in zoos in Britain.

Mr Amess: I apologise to my hon. friend in case I was going too far on one side; my argument needs to be balanced.

Mutations that cause genetic disease in humans are the norm in some animals. Johnson et al found in 2001 that out of 39 anti-cancer drugs tested on xenograft mice, only one mimicked the response in humans. I say to the hon. Member for Strangford (Jim Shannon) that that cannot be much to rely on.

Jim Shannon: We need balance in the debate because we are getting one side of the argument but not the other, which is that drugs have been successful in saving lives. I am not taking away for one second from those who have died as a result of inappropriate drugs but, with respect, we need that balance, but we are not getting it.

Mr Amess: Frankly, one life lost is too many, but we could have a big argument—

Jim Shannon: One life saved is worth it.

Mr Amess: Yes, I agree with the hon. Gentleman that it is a question of balance, but I hope to prove that animal experimentation is completely unnecessary and that we can achieve the same results through different methods.

There is a variation of response within humans—African Americans are more susceptible to lung cancer than Caucasians—so how can we expect animals to be reliable models?

Using animals as human indicators is also expensive, for it can keep cures off the market, hence the large cost of modern drugs to consumers and the health service generally. In the words of Robert Weinberg, from the Massachusetts Institute of Technology, the use of pre-clinical tests results in

"hundreds of millions of dollars...being wasted every year by drug companies using these [animal] models",

according to Leaf 2004.

Other areas of valuable research that might help in understanding the impact of drugs in human beings suffer as a result of animal testing. Despite animal models forming a very minor part of research, they receive a large proportion of funding. Society does not need new research methods; it simply needs to fund the ones that we already have. The important point is that it is possible to test these clinical drugs on humans, so that we can have a better indication of how they will react pre and post-clinical trials.

Society needs to make a fundamental change from animal-based research to human-based research. If it is humans whom we are trying to help, then scientists must study disease and drug reactions in humans. New technologies, outlined by the Safer Medicines Trust, are based on monitoring human responses to new drugs in a variety of ways. Those range from combinations of tissues in "body-on-a-chip" devices to safe volunteer studies such as micro-dosing, where tiny amounts of a new drug are administered to human volunteers. Scientists, in turn, evaluate what the drug does to the body and what the body does to the drug. Micro-dosing in particular has shown to be highly predictive of results in the clinic. Astoundingly, these tests are already commercially available from a number of UK companies, and offer a much safer and less risky alternative to using animals in clinical trials.

More than 150 colleagues have signed a motion calling on the Government—it is Christmas and this is not too much to ask—to initiate a small, cheap comparative study to demonstrate whether these new technologies are indeed superior. Sadly, the Government are resisting such a study and insist that human biology-based tests are not better able to predict adverse drug reactions than animal tests, despite scientific evidence to the contrary.

Roger Williams (Brecon and Radnorshire) (LD): The hon. Gentleman makes a compelling argument. Indeed, no one doubts his sincerity. However, if these human-based tests were more effective and cheaper than the animal tests, why are the commercially sensitive companies not taking that route? Why do they persist with animal testing?

Mr Amess: I am not going to fall out with a tough farmer, because the hon. Gentleman and I have perhaps slightly different views about animals generally. I understand his point, but he will be pleasantly surprised to find that there are many companies that now want to go for this different option. I have taken a lot of advice on it and we just need a little more encouragement from the Home Office and its advisers.

The attitude at the moment—I do not wish to be unkind to the Home Office—typifies the herd mentality that we are facing; a mentality that aims to promote quantity of opinion and that goes against the pioneering mentality of many breakthrough scientists. The comparison with human biology-based methods has attracted high-level support among scientists. Some 83% of GPs who were surveyed were in favour. Many colleagues have supported the early-day motion and I have received strong support for the Safety of Medicines Bill. All the scientists at the conferences of the Safer Medicines Trust in the House of Lords and the Royal Society were also in favour of my Bill.

The British Union for the Abolition of Vivisection is concerned that Britain is not one of the countries, such as Austria and Belgium, that has urged the European Commission to stand firm on an animal ban for cosmetics without exceptions, as was provisionally agreed by the European Union for 2013. That is not acceptable. Although I welcome the Government's commitment to trying to encourage a reduction in animal experiments, there has so far been a lack of new initiatives to reverse what the evidence shows is a rising trend. I know that the Minister has received more than 20 proposals from the BUAV for policy changes. I very much hope that she will respond to those 20 points in correspondence.

Let me conclude with these thoughts. I am talking about negligible expenditure on a comparative study. The amount is quite small relatively, and—I say this to the hon. Member for Brecon and Radnorshire (Roger Williams)—pharmaceutical companies will willingly fund such a study, which would therefore not impose a cost on the public purse. Such a study could save the billions of pounds that are currently wasted on animal testing by reducing ADRs and boosting pharmaceutical company efficiency. Critically, the sheer scale of ADRs and the fact that they are increasing at twice the rate of prescriptions means that we have an ethical imperative to take action to address what is a serious public health problem, with reported deaths up by 155%, according to *The Independent*. The key question is this, and I hope that the Minister can answer it—if she cannot, I would appreciate it if she wrote to me: on what basis do the Government refute the evidence that a number of human biology-based tests have predicted ADRs that animal tests failed to predict?

As we move towards Christmas celebrations, we are drawn to the image of the nativity, with the infant baby Jesus and his parents surrounded by animals. The image and the link could not be clearer. I trust that the Government will reflect on what I have said today and ensure that the proposals in the Safety of Medicines Bill, which I introduced earlier this year through the ten-minute rule procedure, can be enshrined in legislation, as the final gift, after gold, frankincense and myrrh, to both kingdoms represented by the nativity.

5.17 pm

The Parliamentary Under-Secretary of State for the Home Department (Lynne Featherstone): I am grateful to my hon. Friend the Member for Southend West (Mr Amess) for securing this important debate. He has a long and honourable track record in campaigning on these issues. I am also grateful to others who have contributed to this debate, albeit through interventions.

Before I deal with the detailed points that my hon. Friend raised, I would like to assure him that I share his concern for the welfare of animals. Indeed, I take the responsibilities in my portfolio in that regard extremely seriously. As the Home Office Minister responsible for the regulation of animal experiments, I am in no doubt that we should license the use of animals only where it is essential and where there is no alternative. That is also Government policy. The Government recognise that the regulation of animal experiments is of significant public interest. In fact, I am sure that Members across the House receive many letters on the issue. We are therefore strongly committed to ensuring the best possible standards of animal welfare and protection for animals that are used for scientific purposes.

Current legislation provides a high level of protection for animals that are used, as I am sure my hon. Friend knows. Work cannot be licensed if it could be carried out without using animals, and the procedures must cause the minimum possible suffering to the smallest number of animals of the lowest sensitivity. I believe that this approach reflects closely what the public want and expect. In addition, the Government have made two specific and important commitments in respect of animal experimentation. The coalition agreement commits us to work to reduce the use of animals in scientific research and to end the testing of household products on animals. The commitment to work to reduce the use of animals is being delivered through a science-led programme led by the National Centre for the Replacement, Refinement and Reduction of Animals in Research, and the commitment to end the testing of household products on animals will be implemented using our licensing powers under the Animals (Scientific Procedures) Act 1986.

Roger Williams: I, too, am greatly concerned about animal welfare and the Minister will know that I have asked a number a questions on the issue. I recently visited Cardiff university to see how the animals kept for scientific experimentation were looked after. The key thing for me was that the relevant science departments were open to inspections at any time—night or day—as a particular inspector could ask to visit at any time. I thought that that provided a real safeguard for animal welfare.

Lynne Featherstone: I thank my hon. Friend for that intervention. He is indeed a frequent writer of questions to me on this issue. One of the key factors in holding standards so high is that the inspectorate can come in, at any time and in any place.

I shall touch briefly on European directive. The directive strengthens the protection of animals used in scientific procedures and harmonises regulation across the 27 states of the EU. We have very high standards in this country, and the ask is that we maintain them. I cannot give a specific commitment on specific issues until I have received and considered advice following the large response to the consultation exercise.

Margot James: I wonder whether the Minister is absolutely certain on the point about the EU directive. It is widely reported that that directive will remove the responsibility of scientists to review all other possible methods of research prior to testing on animals. Publications, including *The Economist*, have widely reported that; it may be erroneous, but I wanted to raise it.

Lynne Featherstone: I thank my hon. Friend and I can assure her that it is erroneous—and I hope those at *The Economist* are listening to this debate. We must be factual and ensure that we talk only in realities about this sensitive and important issue.

Nic Dakin (Scunthorpe) (Lab): I very much welcome the Minister's comments about the high standards of animal welfare that the UK Government uphold. I take it from what she says that in carrying out the transposition of the EU directive to this country, every effort will be made to maintain our high standards.

Lynne Featherstone: The European directive provides an opportunity to reduce some of the bureaucracy, but when it comes to animal welfare, I am looking closely at anything that might suggest any reduction in standards.

Paul Flynn (Newport West) (Lab): Other forms of animal abuse involve small numbers—hundreds or thousands—of animals, but in comparison animal experiments involve them in their millions. Will the Minister tell me how many animals are subjected to experiments now and what she hopes the numbers will be in 2015?

Lynne Featherstone: I will have to write to the hon. Gentleman on the absolute numbers. I am not sure whether he means every animal in every experiment. What I am looking at in respect of the coalition commitment is whether we can use absolute numbers, how we should count genetically modified animals that receive no other harm, and what impact would be made if this country's scientific community were to attract more investment. I am looking for something substantive, so that we can know exactly where we are with animal usage in experiments and so that I can deliver the coalition commitment in real terms.

Let me deal with some of the specific issues raised by my hon. Friend the Member for Southend West. He asked about thalidomide. At that time, there was much less animal testing, and thalidomide was tested only on rats. The toxic effects, however, are seen in rabbits. That tragedy led to the current system of testing, which is more robust.

Paul Flynn: If the Minister looks at the research findings, she will find that thalidomide was tested on rabbits, and tested on pregnant rabbits. Only when it was tested again on a particular strain of rabbit did the deformities appear. That is an example of a major failure of animal testing.

Lynne Featherstone: I accept that it was a major failure, as was the testing of Vioxx, notably in the case of the six gentlemen who went for trials. However, I am sure that if I asked my officials to find examples of test results that have been beneficial to mankind and saved many lives, we would see the other side of the coin. I do not think absolute policy should ever be based on specific and exceptional incidents, but we all work constantly to improve the situation.

Vioxx was licensed for clinical use on the basis of a battery of tests, including non-animal tests, animal tests and clinical trials. The problems were extremely rare, and came to light only when tens of thousands of patients were prescribed the medication. However, it is now alleged that the manufacturer, Merck, suppressed some safety-relating findings. I do not know whether that is the case, but if it is, there may be no substance in the belief that animal test data were misleading.

Let me now deal with the key issues raised by my hon. Friend the Member for Southend West about the usefulness of animal models as a means of investigating human disease. I have some sympathy with his arguments, to the limited extent that I think we should look critically at the animal models that are used and replace them with new or better models and technologies as and when they are developed. I believe that that is what happens in practice, but if there is complacency, I will do—indeed, I am already doing—my level best to challenge it, and so, I believe, will the National Centre for the Replacement, Refinement and Reduction of Animals in Research. I have visited laboratories and met representatives of the centre, and I think there is a general consensus that good science results from the best research, whether it involves animal models or human trials. We want good science, because there is no point in coming up with results that do not lead people to want to do their work in this country and obtain the best results.

Paul Flynn: Will the Minister give way?

Lynne Featherstone: I fear that the hon. Gentleman is more of an expert than I am.

Paul Flynn: The Minister has been very generous in giving way.

In the case of Vioxx and Seroxat, both of which have had major adverse side-effects, the problem seems to lie with the regulatory body. The Medicines and Healthcare products Regulatory Agency is funded entirely by the pharmaceutical industry. Until we have some independent control, the suspicion will always be there that the one who pays the piper calls the tune for commercial gain.

Lynne Featherstone: The hon. Gentleman has raised an interesting point, but my hon. Friend's main point seemed to be that the human trials of Vioxx revealed an issue of which no one took any notice.

I think that my hon. Friend went a bit too far in suggesting—if I heard him aright—that animal models could not, or perhaps could only rarely, be used effectively to find treatments for human diseases. I believe that they have contributed hugely to the development of drugs that have saved lives.

Jim Shannon: What is sought by Members, and by many outside the House, is an assurance that any potential or suggested changes or improvements, made by the Minister would not affect experimentation on animals to provide new medication that could save lives. It is clear that the medicines that have been perfected through such experimentation have saved not just hundreds of thousands but millions of lives. Can the Minister assure us that it will continue?

Lynne Featherstone: I can assure all Members in all parts of the House that the Government want the development of those medicines to continue, as long as a responsible and careful attitude is adopted to the animals that are used in the quest for better medicines.

Those who conduct such experiments must adhere to the stringent standards to which I have referred, and search further and harder for alternative technologies. When I visited University College hospital recently, I saw some of the machinery that it is using instead of animals. The advances that have been made, have almost been made or will be made in the near future are amazing, and I am sure that any institution, whether a university, a scientific research establishment or a commercial venture, will want to provide the best conditions for their animals in order to get the best results.

Chris Williamson: On that basis, will the Minister assure us that we can look forward in the next few years to a significant reduction in the use of animals in experimentation, given that alternative methods are now available and more are coming on stream?

Lynne Featherstone: My intention and job is to push as hard and as far as I possibly can. In that, I have to be advised by the scientific community, my advisers, the Animal Procedures Committee and other groups, and I often meet animal rights and welfare groups to ensure that I get the balance right. I cannot give a definitive number, but the intention is to secure a reduction, as promised in the coalition agreement, in the use of animals. The NC3Rs is doing some amazing work and incentivising scientists to be innovative and to come up with good things that people will want to use. I have not brought the brochure with me but it was incredibly impressive on some of the changes that it is delivering. However, we can only go at a pace that can be gone at because, as the hon. Member for Strangford (Jim Shannon) said, I would not wish to inhibit genuine advances in what we can do to preserve human life.

Although there are differences between animals and humans, there are also many similarities, and it is these similarities that scientists seek out when choosing and developing animal models. In most cases, because body systems in other mammals tend to work in similar ways to those in humans, animal tests can predict how the human body will react to a new drug. Otherwise, they would not be used. It would be useless.

On the safety of medicines, which goes to the heart of this debate, animal studies are considered to be an indispensable component in the assessment of the safety and efficacy of a new medicinal product. Without animal testing, it is highly likely that a large number of potentially dangerous medicinal products would have to be tested in healthy volunteers and patients in clinical trials. That would be quite unacceptable. I shall mention micro-dosing in a moment.

For a medicinal product to be granted a licence, European and international legislation requires that the toxicity profile of a new drug be defined. In part, that entails the use of animal studies. Nevertheless, I accept the point made by my hon. Friend the Member for Southend West that the earlier a potential new drug can be safely tested in humans the better. Companies are pursuing this through methods such as micro-dosing, but that approach does not replace animal tests entirely.

On the use of new technologies and non-animal tests, I can assure my hon. Friend that, contrary to his fears, the testing of medicines has evolved and that new scientific methods, including those using human tissues, are being used and do have a place in safer medicine testing.

Today's approach to drug development has evolved on a rational and scientific basis over more than 30 years and involves an integrated programme of computer-based work, in vitro studies, animal testing and clinical trials. I can report from my own observations on a recent visit to one of our leading universities that modern researchers use a variety of in vitro and computer-based methods alongside animal methods.

My hon. Friend mentioned adverse drug reactions. This is a far more complex matter than it at first appears. Like other Members, I have personal experience of this, as I am allergic to some common drugs that most people can take without difficulty. I attribute that not to an inherent fault in the drugs, which seem to work perfectly well for millions of other people, but rather to a quirk in the way my body reacts to them. I am allergic to certain antibiotics.

More generally, I think it is going too far to suggest that the occurrence of adverse drug reactions can be attributed to flaws in safety testing using animals. It has been estimated that 76% of adverse drug reactions are what are known as type A reactions, in which the medication has a predictable, but exaggerated, effect. Of the remaining, unexpected type B reactions, most are the result of allergies, such as mine, or individual susceptibilities that are difficult to predict in any trial.

On the attrition rate in the development of new drugs, new drugs are first tested in batteries of computer-based and in vitro tests. Refinements of these tests, including by using human tissues, are making them increasingly predictive. Many compounds are rejected as a result of findings from these tests before they are even tested in animals. It is true that at the next stage, as a result of adverse findings from animal studies a large number of drug candidates never progress to being tested in humans. However, as I have already mentioned, companies hope that this attrition rate will be reduced by using human material.

Finally, on the value of animal research, it is at present the case that without the judicious use of animal studies we would have no modern drugs, and we should acknowledge that the national health service would be unable to function effectively were it not for the availability of medicines and treatments that have been developed, or validated, through research using animals.

As I have explained, the Government are committed to minimising animal testing and to encouraging the development of other non-animal methods in place of animal testing where possible. The National Centre for the Replacement, Refinement and Reduction of Animals in Research brings together stakeholders in academia, industry, Government and animal welfare organisations to facilitate the exchange of information and ideas and the translation of research findings into practice that will benefit both animals and science. We will continue to give the work of the national centre our wholehearted support.

My hon. Friend the Member for Southend West asked the key question at the end of his speech: on what basis do the Government refute the evidence that a number of human biology tests predicted adverse drug reactions that animal tests failed to predict? The Government do not doubt the value of human biology

[Lynne Featherstone]

tests in the testing of the safety of medicines, but it is important to recognise that all medicines have the potential for unwanted effects. There is not one in vitro test, or one series of in vitro tests, specifically for adverse drug reactions. It must be recognised that even extensive clinical trials in humans do not always predict the adverse drug reactions seen later when drugs are in widespread use.

If I have omitted to answer any of my hon. Friend's questions, I will write to him. I thank him and all Members who have participated. This has been a valuable and thought-provoking debate, and I am grateful to my hon. Friend for securing it.

Question put and agreed to.

5.38 pm

House adjourned.

House of Commons

Thursday 8 December 2011

The House met at half-past Ten o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

BUSINESS, INNOVATION AND SKILLS

The Secretary of State was asked—

Manufacturing

1. **Tristram Hunt** (Stoke-on-Trent Central) (Lab): What recent steps his Department has taken to support the manufacturing sector. [85391]

The Secretary of State for Business, Innovation and Skills (Vince Cable): The Government are taking action to support and grow modern manufacturing in the UK by encouraging higher levels of innovation exports, business investment and technical skills.

Tristram Hunt: In the last few weeks, five ceramic and brick companies have gone bust in the UK, including the Jesse Shirley bone china works in my constituency. The energy-intensive industry measures announced in the autumn statement did little for our pottery industry. Can we now have some movement from the Government on capital allowances for the ceramic sector, which is a vital part of our manufacturing industry?

Vince Cable: I will look at the specific issue of the ceramics industry. I know that the hon. Gentleman was involved in promoting an anti-dumping action. We considered the matter carefully, and there were not sufficient grounds to support the rather disproportionate action advocated by the European Commission. Indeed, the Chinese market share has remained pretty unchanged over the past decade. However, we will certainly consider what else can be done to help the industry.

Mr Laurence Robertson (Tewkesbury) (Con): Is the Secretary of State aware of the excellent cutting-edge technology in my constituency in the aerospace industry? Is he also aware that one of the biggest problems that the industry has is attracting young people into manufacturing? What can he do to encourage that?

Vince Cable: I was in the west country just over a week ago looking at the aerospace industry, which is a considerable success story. My hon. Friend is quite right that one of the constraints is the need for skilled manpower, which is why in our rapidly growing apprenticeship programme we are setting aside funding specifically for advanced apprenticeships in engineering skills of the kind that firms in his constituency need.

Mr Adrian Bailey (West Bromwich West) (Lab/Co-op): There is an increasing body of evidence to show that small manufacturing companies are not only having difficulty in accessing finance to expand but are discouraged from applying for it because of a lack of confidence in the ability to sell any increased production. What is the Secretary of State doing to persuade the Chancellor that the time is right for a stimulus in the demand side of the economy as well as provisions for the supply side?

Vince Cable: A stimulus to demand is coming from two sources. One is rapidly growing export markets in emerging markets, where our export growth is very substantial. Manufacturers, including small and medium-sized enterprises, are taking a substantial part of that. In addition our monetary policy, which is supported by the Bank of England, with low short and long interest rates, quantitative easing and credit easing, is supporting demand.

Matthew Hancock (West Suffolk) (Con): In his efforts to support manufacturing, will the Secretary of State agree that high executive pay that rewards not success but failure can inhibit growth, and that dealing with it is an important part of supporting manufacturing, financial services and other parts of the economy?

Vince Cable: My hon. Friend is absolutely right, and the point is very well made. There is now a remarkable consensus. We have had evidence to the inquiry that I initiated into executive pay from, among others, the CBI, showing a high level of social responsibility and an acknowledgment that much executive pay has been disproportionate and unrelated to performance in the past. We intend to reform that.

Mr Iain Wright (Hartlepool) (Lab): Mr Speaker,

"Germany has had an industrial strategy as well as an economic strategy. Applied with huge consistency of purpose. This has greatly helped German industry plan for the future. Let us compare this with the position in the UK...In terms of industrial policy there are serious deficiencies."

Those are not my words, but those of Lord Heseltine in a speech only a couple of weeks ago. Given yesterday's dire figures from the Office for National Statistics, which showed the biggest output drop in manufacturing since April, and three times the fall forecast by analysts, is it not time the Secretary of State listened to Lord Heseltine and provided a comprehensive well-planned industrial strategy for the long term that supports British manufacturing and helps it become more competitive?

Vince Cable: I often wonder which Opposition Front Bencher will be courageous enough to talk about manufacturing, reminding the House that we lost 1.7 million jobs in manufacturing in 13 years of a Labour Government, and manufacturing's share of the economy shrank from 18% to 10%. We are addressing that, and I certainly listen to Lord Heseltine, who has an office in my Department. We frequently interact, and he has some very good suggestions.

We are pursuing support for innovation through the advanced technology innovation centre, pursuing support for advanced apprenticeships, on which we are doing a great deal, and co-financing private investment through the regional growth fund and the Green investment bank, which is due to start. As I announced yesterday, we are also considerably increasing support for supply chains using a new £125 million fund.

Employment Law

2. **Brandon Lewis** (Great Yarmouth) (Con): What recent progress his Department has made on its employment law review being undertaken as part of the red tape challenge. [85392]

13. **Mr Marcus Jones** (Nuneaton) (Con): What recent progress his Department has made on its employment law review being undertaken as part of the red tape challenge. [85405]

17. **Julian Smith** (Skipton and Ripon) (Con): What recent progress his Department has made on its employment law review being undertaken as part of the red tape challenge. [85410]

The Parliamentary Under-Secretary of State for Business, Innovation and Skills (Mr Edward Davey): We have made excellent progress with our employment law review. Our radical package includes streamlining the employment tribunals system, doubling the qualifying period for unfair dismissal, promoting early conciliation and mediation, and simplifying compromise agreements. We have also called for evidence on TUPE and collective redundancies as part of our wide reforms.

Brandon Lewis: For many years, small and medium-sized enterprises in particular have felt that they are caught in the stranglehold of gold-plated red tape when it comes to growing and employing more people. Will the Minister give grounds for optimism to companies that want the freedom to employ more people and grow, particularly with reference to TUPE, which he mentioned?

Mr Davey: The Government's strategy is to ensure that we are not gold-plating. I am sure that my hon. Friend will have been pleased that on 23 November we published a call for evidence on the TUPE regulations, which he mentioned. It is available on the Department's website and I encourage all right hon. and hon. Members to respond.

Mr Marcus Jones: I recently met local business people at a constituency event sponsored by the Federation of Small Businesses, and they told me that they were apprehensive about taking on additional employees because of the culture of employment tribunals, to which employees can take even the most spurious claims without any personal risk whatever. What can the Minister do to address that issue, which, if tackled, would encourage more employers to take on extra staff?

Mr Davey: We have listened to both employer and employee concerns about the cost and complexity of going to employment tribunals, and believe that our reforms will make a positive difference to both parties. We have set out our conclusions and our response to the "Resolving Workplace Disputes" consultation. Critical aspects of our new approach include a major new emphasis on mediation and a new pre-claim conciliation service by ACAS, and, finally, a fundamental review of the rules and procedures is now being undertaken by Lord Justice Underhill.

Julian Smith: Compensated no-fault dismissal could be a great fillip to very small businesses and the employment market. Will the Minister outline the timetable for the Government's call for evidence and reassure the House that he is completely open-minded on the policy?

Mr Davey: As my hon. Friend knows—the Chancellor announced this in the autumn statement—we will be publishing a call for evidence on the case for and against a new compensated no-fault dismissal for micros. The Government have an open mind on that, but we are especially keen to ensure that there are no unintended consequences. My hon. Friend will be mindful that the unfair dismissal law was introduced by a previous Conservative Government to improve industrial relations.

Jim Sheridan (Paisley and Renfrewshire North) (Lab): As part of the sham review of employment legislation, has the Minister had any consultations with the trade unions or others who believe in effective employment legislation? If he has, what was the outcome? If he has not, why not?

Mr Davey: My right hon. Friend the Secretary of State and I regularly meet Brendan Barber from the TUC. People from the trade union movement widely responded to the "Resolving Workplace Disputes" consultation, and we have looked at those responses.

Fiona O'Donnell (East Lothian) (Lab): The Minister will be aware that those who work with children and vulnerable adults can play a vital role in their protection. What is he doing to ensure that new employees, who often see problems with established bad practice, are protected if they decide to become whistleblowers?

Mr Davey: There is already whistleblowing legislation; I believe that it was passed by the previous Government. We would therefore advise employees in the situation that the hon. Lady describes to look at that.

Ian Murray (Edinburgh South) (Lab): The Secretary of State and the Minister are obviously at loggerheads with Downing street over their proposals on changes to employment law, and have been forced to consult on no-fault dismissal. Lord Heseltine believes that such a measure would

"make life rougher and tougher for large numbers of people";

Citizens Advice described it as a rogue's charter; only 6% of SMEs consider employment law as a factor when employing people; and the Secretary of State himself has said that there was already a "reasonably good balance" between rights and flexibility in Britain. So why is his Department—the Department for no growth—trying to make it easier to fire rather than hire people?

Mr Davey: The truth is that the Government are making it easier to hire people. We understand the importance of fair, efficient and flexible labour markets. We will protect those because that is in our country's interest. I should tell the hon. Gentleman that we are working very closely with colleagues across the coalition on all aspects of our employment law review. This coalition is more together than the Labour party was when it was in government.

Innovation and Research

3. **Dr Julian Huppert** (Cambridge) (LD): When he plans to publish his innovation and research strategy. [85393]

14. **Graham Evans** (Weaver Vale) (Con): When he plans to publish his innovation and research strategy. [85406]

The Minister for Universities and Science (Mr David Willetts): With permission, Mr Speaker, I propose to answer this question with question 13—

Mr Speaker: I am reluctant to argue with Two Brains, but I think the link is with question 14.

Mr Willetts: Thank you, Mr Speaker.

I am pleased to announce that the Government have today published our innovation and research strategy for growth.

Dr Huppert: I thank the Minister for publishing that statement. In 2004 I was awarded a DTI Smart award for innovation. That excellent scheme supported small companies in developing risky innovative products, but over the years the financial support available was watered down and success rates fell. Will his strategy reverse that and support SMEs that have not been supported by the Technology Strategy Board?

Mr Willetts: Indeed, and I believe that my hon. Friend's proposal was for a biotech company that collected virgin female fruit flies, which I am sure was an excellent example of curiosity-driven research. I can confirm that we are bringing back the Smart awards scheme on a nationwide basis, properly financed.

Graham Evans: Fostering research and innovation is absolutely essential to growth and to rebalancing our economy, and I am proud that the Government are doing so much to support Daresbury science innovation campus in my constituency, including the announcement of a new enterprise zone. Can the Minister outline what support will be provided for small and medium-sized businesses in this area?

Mr Willetts: I recognise the strong support that my hon. Friend gives Daresbury, which I visited with him only a couple of months ago. Indeed, we will put more funding into Daresbury because of its excellent role in national computing infrastructure, and we will support small businesses in particular through the infrastructure and innovation plan that we have launched today.

Mr David Lammy (Tottenham) (Lab): Does the Minister accept that we can have no research and innovation without UK postgraduates? His strategy says nothing about the decline in taught postgraduate courses or the implications of fees at postgraduate level in the UK.

Mr Willetts: We are committed to postgraduate education in the UK, and of course we will continue to review the implications for it as our higher education reforms come through, but at the moment we are seeing an increase in the number of postgraduate students in the UK—a record of which we can be proud.

Chi Onwurah (Newcastle upon Tyne Central) (Lab): Eighteen months into a Government supposedly focused on growth, we finally have a paper focused on innovation—the engine of growth. We welcome it and will consider it carefully. However, we have seen that this Government's fine words are not matched by action. The director of the CBI recently described their action on solar panels as the

"third smack about the head"

for investors in renewables. In China, the US, India, Germany and Finland Governments are taking action to create large-scale technological and market opportunities in renewables, ICT, pharma and nanotechnology. What real action will the Government take as a result of the report?

Mr Willetts: The report that we are publishing today is a list of the actions that we have already taken and the further actions that we are proposing to take. That includes technology innovation centres, including specific provision for renewables. It also includes the reintroduction of the Smart awards, which were run into the sand under the previous Government, and a research and development tax credit that will be worth more than £1 billion to companies large and small.

Exports (SMEs)

4. **Gordon Henderson** (Sittingbourne and Sheppey) (Con): What steps his Department is taking to help small and medium-sized businesses to access export markets. [85395]

The Minister of State, Department for Business, Innovation and Skills (Mr Mark Prisk): UK Trade & Investment has set out a new export strategy of some £45 million, which will double the number of small companies helped each year. The strategy includes five financial products, bespoke services for middle-sized firms and a collaborative approach to accessing new export markets.

Gordon Henderson: I welcome that assurance from the Minister, but an exporter in my constituency has for years been obtaining certificates of origin from our local chamber of commerce, using a formal declaration from his supplier. Recently he applied for a new certificate, but was told that one could not be issued without a declaration from the manufacturer of the goods. That is causing my constituent a big problem, because his supplier is loth to provide details about his manufacturer for fear that my constituent might obtain his goods direct. What can my hon. Friend do to make it easier for exporters to export—and when changes are made to the rules, can exporters at least be given adequate notice?

Mr Prisk: I am concerned about the instance that my hon. Friend mentions. The rules on certification of origin have not changed, but they are subject to local management and interpretation. It sounds as if that might be the problem. I am keen to help all exporters, so perhaps my hon. Friend will submit further details to me and I will look personally into the matter.

Mr Gareth Thomas (Harrow West) (Lab/Co-op): The Government have cut by 25% the funding for small and medium-sized enterprises to attend vital overseas trade shows to help them win new business. How will that help exports?

Mr Prisk: As I said at the beginning, the new export strategy enables us to double the number of companies that we reach and support. In addition, five new finance

products have been put on to the market. We have commitments of £242 million for those products, so there is a positive layer of action, and we can make real progress in the years to come.

Mr Chuka Umunna (Streatham) (Lab): At a previous Question Time, the Business Secretary was right to say that, historically, SMEs have not been as involved in exporting as larger companies. With that in mind, earlier this year he launched the export enterprise finance guarantee scheme, a programme run out of his Department, and we were told that that would help lots of SMEs to access export finance. Will the Secretary of State tell us how many companies have been helped by the scheme since it was announced with a great fanfare 10 months ago?

Mr Prisk: Sadly, the hon. Gentleman will have to make do with the Minister of State rather than the Secretary of State. We have been able to deliver some £242 million across the five products, and we have also been able to ensure that with the pilot, the export enterprise finance guarantee scheme, in which there have been a number of changes, we have been able to deliver some £2 million. It is important to bear in mind the fact that the export enterprise finance guarantee scheme is a pilot; the other four are actually full products.

Mr Umunna: The answer to my question is that just four companies have benefited from that export scheme. That is another example of the failure of the Minister's Department to improve access to finance for small businesses. Of course access to finance in general helps SMEs to grow and expand into different export markets, and we were told that Project Merlin would ease credit conditions for small businesses—but net lending to businesses by banks has contracted in nine of the past 12 months under this Government. Merlin failed, so they are now giving credit easing a try, but the effectiveness of credit easing is dependent on whether the banks choose to participate. What guarantees can the Minister give us that they will participate in the scheme and increase net lending to businesses as a result?

Mr Prisk: In the first three quarters, the numbers on net lending stand at £66 million. *[Interruption.]* What I am trying to say to the hon. Gentleman is that we are committed, through Merlin, to ensuring that lending this year is greater than last year. He needs to be careful in this area, because, as he knows, such schemes are subject to demand. *[Interruption.]* He asked about credit easing, and I will come to that point. I say to the hon. Gentleman that the £20 billion that the Chancellor has put forward is substantially important and will bring about an important increase. What the Opposition need to remember is that we are actually delivering an increase in lending this year over last year. They did not deliver that. We are, and that is the difference.

Life Science Discoveries

5. **Margot James** (Stourbridge) (Con): What steps his Department is taking to support the commercialisation of new discoveries in life sciences. [85396]

The Minister for Universities and Science (Mr David Willetts): The UK life sciences sector employs 170,000 people with a turnover of £50 billion, but it is facing enormous challenges, which is why the Prime Minister launched an ambitious new life sciences strategy on Monday. That includes a £180 million catalyst fund to aid commercialisation of new discoveries. We have also improved the regime for clinical trials in the interests of patients and opened up the NHS to innovation.

Margot James: I very much welcome the life sciences strategy published by the Government earlier this week. What plans does my right hon. Friend now have to support the development of geographic clusters that will foster collaboration between industry, the NHS and academia?

Mr Willetts: My hon. Friend has absolutely described what a cluster is; I congratulate her. We support them. They are important for innovation and growth. Indeed, in the proposals published today, we are talking about making it easier for groups of institutions to come together to bid for funding from research councils, and also our enlightened Treasury has agreed that in future there will not be VAT on cost-sharing arrangements in which groups of institutions come together to share services in the interests of efficiency.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): The Minister will know that in life sciences and many other areas of innovation there are lots of small companies, often in partnership with universities. Will he comment on the fact that many of those partnerships tell me that with the demise of the regional development agencies they have no access to a large amount of money held in Europe, essentially for innovation? There are billions of pounds that they cannot access.

Mr Willetts: The catalyst fund that I referred to in my previous answer is aimed specifically at getting financial support to new start-ups, and will help finance them through the so-called "valley of death" before they can get commercial funding. At the Competitiveness Council in Brussels on Tuesday, I argued that European research funding should be more easily accessible for small and medium-sized enterprises. The best way to achieve that is by cutting bureaucracy and the complexity in the current arrangements for accessing European funding. That is what I urged on the Commission.

Bank of Credit and Commerce International

6. **Keith Vaz** (Leicester East) (Lab): What recent steps he has taken to ensure that the liquidation of Bank of Credit and Commerce International is complete. [85397]

The Parliamentary Under-Secretary of State for Business, Innovation and Skills (Mr Edward Davey): My right hon. Friend the Secretary of State wrote to the BCCI liquidators about the progress of the BCCI liquidation earlier this year, following his meeting with the right hon. Gentleman. I understand that a closure plan has been published on the liquidators' website at www.bcci.info. This website is updated as and when there are any developments in the liquidation.

Keith Vaz: It is now 20 years since the bank went into liquidation, in which time the liquidators, Deloitte Touche, its solicitors, Lovells, and other professionals have received

£1.2 billion in fees. Will the Minister thank the Secretary of State for writing that letter and ask him whether he would be prepared to secure his place in history, or at least to act as Santa Claus to the victims of BCCI, so that finally this bank can be closed and the liquidators will cease to bleed it of the last remnants of its money?

Mr Davey: I think that my right hon. Friend already has his place in history. The right hon. Member for Leicester East (Keith Vaz) knows that the BCCI creditors have been repaid more than 85% of what they were owed at the outset of liquidation, and a final dividend—estimated to be about 3%—is expected to be paid in April or May 2012. He will also know that control of the BCCI liquidation is a matter for the liquidation committee, and ultimately the courts, not for the Secretary of State, and that the liquidators are trying to bring this long period to an end.

Business Start-ups

7. **Harriett Baldwin** (West Worcestershire) (Con): What steps he is taking to assist unemployed people to start new businesses. [85398]

The Minister of State, Department for Business, Innovation and Skills (Greg Clark): The new enterprise allowance is now available nationwide and is providing access to business mentors and financial support to help unemployed people start their own businesses. On 14 November we launched My New Business, a service on the Business Link website, providing help for everyone looking to start a new business.

Harriett Baldwin: As QinetiQ in my constituency has restructured, many of the brilliant brains employed there have started new businesses in a range of different areas. May I invite the Minister to Malvern to help back my campaign for phase 4 of the Malvern Hills science park as a further incubator?

Greg Clark: It would be a delight to visit Malvern. I know that my hon. Friend is trying—successfully, given the number of high-tech businesses there—to market Malvern as a cyber-valley. We know that silicon valley has prospered because of the links between existing high-tech firms and new ones, and I know that that is what she wants to achieve.

Gordon Banks (Ochil and South Perthshire) (Lab): What guarantees can the Minister provide that the banks will actually lend to newly formed businesses run by previously unemployed people? They are not lending to existing businesses, so why should they lend to new ones?

Greg Clark: As the Minister of State, Department for Business, Innovation and Skills, my hon. Friend the Member for Hertford and Stortford (Mr Prisk), said earlier, the intention is—and the banks are delivering on this—that they increase lending to small businesses year on year. That is part of the loan guarantee scheme announced in the autumn statement, and we are determined to deliver on it.

Regional Growth Fund

8. **Esther McVey** (Wirral West) (Con): What assessment he has made of the effect of the regional growth fund on private sector investment. [85399]

The Secretary of State for Business, Innovation and Skills (Vince Cable): In April we announced that the regional growth fund would conditionally support 50 projects, amounting to £450 million of Government investment and leveraging an estimated £2.7 billion of private sector investment. In October we announced that 126 projects would receive conditional funding of £950 million, leveraging an estimated £6 billion of private sector investment.

Esther McVey: I welcome the regional growth fund, in rounds 1 and 2 of which, companies on Merseyside, including Stobart, Pilkington, Liverpool Vision and Trinity Mirror, have done very well. Wirral Investment Network, a business network for smaller companies, wants to know by what routes it can apply to the regional growth fund.

Vince Cable: Our estimate is that roughly a third of all regional growth fund money is going to SMEs, and there are several routes through which it goes. First, there are packets of SME loans, one of which was in Liverpool, while another is in Plymouth. Indeed, I saw that one a couple of weeks ago, and it is going extraordinarily well. There are specifically tailored schemes—for example, the RBS-HSBC scheme linked to asset finance—and programme bids, as in Manchester, all of which are targeted at SMEs.

Mr Geoffrey Robinson (Coventry North West) (Lab): The Secretary of State will be aware that in the last round an SME in Coventry was turned down for a major investment from the regional growth fund. Despite the fact that the council and, more importantly, the local enterprise partnership were in full support, the company was turned down—I am not particularly grumbling about the decision, disappointed though we were, of course—on the grounds that the ownership was wrong. Will the Minister put in place better criteria for sifting schemes locally and regionally? The company wasted an awful lot of time and money in preparing its bid.

Vince Cable: I would certainly be happy to look into the background of that particular case. As the hon. Gentleman knows, we have an impartial process. Applications come to Ministers and then go through Sir Ian Wrigglesworth and Lord Heseltine, who sift and assess them properly. There is a new round for the regional growth fund, and if the project that the hon. Gentleman mentions can be reworked, we would certainly be very happy to look at it.

Graphene

9. **George Freeman** (Mid Norfolk) (Con): How he proposes that his Department's investment in graphene will be spent. [R] [85400]

The Minister for Universities and Science (Mr David Willetts): Graphene is the thinnest, lightest, strongest and most conductive material known to man. Its discovery in Manchester in 2001 is testament to our strong science base and opens up a wide range of possibilities. That is

why we have committed £50 million to create a new UK graphene hub to focus on its commercialisation. The Engineering and Physical Sciences Research Council and the Technology Strategy Board are now developing a detailed business case, which will be submitted to the Government shortly. We expect funding to start next year.

George Freeman: I welcome that announcement. Does the Minister agree that the investment of £50 million in a world-class hub is testament to the Government's serious commitment to a rebalanced economy and a regional growth strategy? Will he agree to place a sample of graphene—like this—in the Library for the edification of us all?

Mr Speaker: The use of such props is on the whole discouraged, but we will let the hon. Gentleman off on this occasion.

Mr Willetts: I do not think that that is quite life science—nor is it supposed to be life-size, because it is one atom. I have some graphene in my office, and I would be very happy to show it to people who want to know what has been discovered. I absolutely agree with my hon. Friend. As a result of the Chancellor's announcement, we are now able to invest in labs that will ensure that researchers can develop and research the applications of this important material.

Mr Speaker: May I appeal to Members not to pass that rather unglamorous specimen around the Chamber? The hon. Member for Mid Norfolk (George Freeman), to whom I have been generous, should secrete his graphene away, and behave with the tact and discretion for which he was previously renowned.

Graham Stringer (Blackley and Broughton) (Lab): I beg to disagree, Mr Speaker. Graphene is very glamorous, and it is a fantastic discovery, made in Manchester. The Minister will be aware from his appearances before the Science and Technology Committee that there is a huge imbalance between the public investment in science in the golden triangle between Oxford, Cambridge and London, and investment in the rest of the country. Is this not a great opportunity to invest the vast bulk of that £50 million in Manchester, where the two Nobel laureates discovered graphene?

Mr Willetts: The hon. Gentleman makes a clear case. Of course, the issue is now being investigated by the EPSRC and the TSB, but we recognise the crucial role that Manchester played in the discovery, and I am sure that its role will continue.

Mr Speaker: Of course I readily concede that something unglamorous can also be very important. I call Penny Mordaunt. *[Laughter.]* Order. I am delighted that the House is in such a good mood.

Radar Satellites

10. **Penny Mordaunt** (Portsmouth North) (Con): What assessment he has made of the benefit to UK business of the investment in low-cost radar satellites announced in the autumn statement. [85401]

The Minister for Universities and Science (Mr David Willetts): Yes, we have made an assessment of the benefits to business of investing in low-cost radar satellites. This is an important investment of £21 million, which we hope will enable business investment to follow on, including possibly in my hon. Friend's constituency.

Mr Speaker: I was referring to the item, not to a human being. I call Penny Mordaunt.

Penny Mordaunt: Thank you, Mr Speaker.

Earth observation satellites are critical in helping developing countries manage humanitarian and environmental crises. Does my right hon. Friend see merit in giving such countries British technology or satellite time—provided it is the best for the job, and it usually is—rather than having ring-fenced funding to purchase such services from a third country?

Mr Willetts: That is a very interesting idea. It is absolutely right that British satellite technology plays a greater role than is recognised in ensuring that we have information about the sites of disasters. Earlier this year we chaired the disaster monitoring committee, which ensured that satellite images were immediately available after the tsunami in Japan and after disasters elsewhere in the world. There are certainly imaginative ideas through which this role could be enhanced.

Adult and Community Learning

11. **Sajid Javid** (Bromsgrove) (Con): What steps he is taking to promote adult and community learning. [85402]

The Minister for Further Education, Skills and Lifelong Learning (Mr John Hayes): The Government are enthusiastically committed to adult and community learning. That is why we have protected the £210 million a year adult safeguarded budget. On 1 December we announced our intention to devolve its planning and accountability, so that local people are at the heart of deciding the learning offer. We will pilot different community learning trust models in 2012-13.

Sajid Javid: The Minister has been an excellent advocate of adult community learning. May I ask him how his pilot on community learning trusts is working at the moment? In particular, how has he engaged local communities to improve adult community learning?

Mr Hayes: We know, as W B Yeats knew, that education lights a fire that burns brightly. It certainly burns brightly in the hearts of Ministers. We have much to do in respect of adult community learning, which was derided by the last Government as mainly holiday Spanish. That was how the former Secretary of State described it. We will work with local communities. The first meeting to discuss models and timings will take place one week from today, and we intend to publish a prospectus in spring 2012. We are delivering.

Kevin Brennan (Cardiff West) (Lab): The Minister and I have jousted about Yeats before, and I should tell him that he did not share the Minister's politics, which might disappoint him. There is a danger of his policy becoming a fig leaf around adult and community learning.

Will he undertake to work from the centre with other ministerial colleagues, particularly for older people in care homes because of the incredible impact that adult and community learning can have on health outcomes for those older people?

Mr Hayes: One reason why I, along with the Secretary of State, have defended adult and community learning is due to its effect on things such as physical well-being, community health, mental health and so forth. It is certainly true that we will need to take those things into full account in respect of the offer. I give that answer mindful that the hon. Gentleman, who was my predecessor, was himself a champion of adult and community learning.

Green Investment Bank

12. **Glenda Jackson** (Hampstead and Kilburn) (Lab): What recent progress he has made on the Green investment bank. [85404]

The Secretary of State for Business, Innovation and Skills (Vince Cable): The development of the Green investment bank is making good progress. Prior to its establishment, the Government are planning to invest in projects from April 2012, including in renewable energy and the non-domestic energy efficiency and waste sectors. We will announce the process for deciding the location of the bank shortly.

Glenda Jackson: There are reports that the Government have dramatically lowered their funding for this potentially innovative venture, so when, if ever, will what threatens to become a mere piggy bank be open for business?

Vince Cable: Those reports are simply incorrect. The Government's commitment was for £3 billion, and that remains the case. We expect the bank will have leveraged in another £15 billion by the end of this Parliament. That is our commitment, which we will stick to. I am relieved that Hampstead and Kilburn are not adding their names to the list of cities hoping to attract the Green investment bank.

Mike Crockart (Edinburgh West) (LD): I welcome the Secretary of State's statement of a few moments ago. May I press him to tell me and the poised Edinburgh Green investment bank bid team when he will publish the criteria for deciding the location for the bank and what those criteria are likely to contain?

Vince Cable: We shall set out the process in the next few days. There are a great many bids from different cities and, indeed, some quite small towns around the country, all of which must be assessed properly and fairly.

Mark Lazarowicz (Edinburgh North and Leith) (Lab/Co-op): Will the Secretary of State confirm that investment in wind turbine technology is a potential recipient of Green investment bank funding? Gamesa has been considering locations in various parts of the United Kingdom for a major scheme with which it is proceeding, and has identified Leith, which is in my constituency, as a possible location. Will the Secretary of State work with the Scottish Government to try to bring this important facility to Scotland and to the UK?

Vince Cable: That is exactly the kind of project that the bank will be considering, and a team of people are already preparing projects for submission.

Apprenticeships

15. **Robert Halfon** (Harlow) (Con): What steps he is taking to ensure that apprenticeships offer a route to higher-level skills. [85407]

The Minister for Further Education, Skills and Lifelong Learning (Mr John Hayes): We are committed to expanding the proportion of apprenticeships that are at advanced and higher levels. Provisional 2010-11 data show that the number of advanced-level apprenticeships has risen by about two thirds. We have allocated some £19 million to support the development of new higher apprenticeships, which will dramatically extend the range of opportunities for apprenticeships up to degree level, and will create at least an additional 19,000 apprenticeships at the higher level.

Robert Halfon: Will the Minister support the parliamentary apprentice school which I founded with the charity New Deal of the Mind, and will he consider the similar idea of establishing a Government apprentice school using public contracts? Figures from the House of Commons Library show that if just one apprentice were hired for every £1 million public procurement, 280,000 apprenticeships would be created instantly and youth unemployment would be cut by a quarter.

Mr Hayes: I take the view that Government have a role and that procurement has a role as well. For that reason I have established a ministerial champions group for apprenticeships involving 14 Departments, we have explored the development of kitemarking for good employers who use apprenticeships and supply the public sector, and we have provided streamlined informational skills for companies that want to supply Government.

My hon. Friend has been a great champion of apprenticeships, and has even taken on an apprentice himself. Let me again urge all Members to take on their own apprentices.

16. **Mark Lancaster** (Milton Keynes North) (Con): What plans he has to encourage small and medium-sized businesses to offer apprenticeships. [85408]

The Minister for Further Education, Skills and Lifelong Learning (Mr John Hayes): As you can see, Mr Speaker, I am irrepressible.

We have recently announced a new financial incentive of £1,500, which will help up to 40,000 small employers who have not previously engaged in the programme to take on a young apprentice. We are taking radical steps to speed up and simplify the process for employers, and to remove unnecessary paperwork and bureaucracy.

Mark Lancaster: While the Minister's talents are obvious, some of us have hidden talents. I, for instance, am a pyrotechnician, and ran the family firework company for many years. We were always keen to take on apprentices, but it was hard to keep them in a long-term skilled job, and the paperwork involved in taking them on in the first place was very extensive. What can be done to help the situation?

Mr Hayes: As my hon. Friend will know, the number of apprenticeships has risen by 70% in his constituency. That does credit to him, and, as I think he will acknowledge, still greater credit to me.

My hon. Friend asked what more we would do. We will strip out all unnecessary health and safety requirements, we will introduce those incentive payments to compensate small businesses, and I am determined to streamline every stage of the process. Tackling youth unemployment is a top priority for the Government: that is why we are focusing the apprenticeship budget on young people, which is where it can make the most difference.

College Enhanced Renewal Grant

18. **George Eustice** (Camborne and Redruth) (Con): What progress his Department has made in assessing applications by further education colleges for phase 2 of the enhanced renewal grant. [85411]

The Minister for Further Education, Skills and Lifelong Learning (Mr John Hayes): In August, I was delighted to confirm that the Government would make an extra £100 million available for a two-year college capital investment programme. The programme was launched by the Skills Funding Agency in September, applications were invited by November, and the agency is aiming to announce decisions on the enhanced renewal grant before Christmas. Speedy action, Mr Speaker: alacrity, combined with perspicacity.

George Eustice: Cornwall college in my constituency has recently used a new technique to refurbish and reclad one of the old buildings on its estate at a fraction of the cost of a rebuild, and would like to repeat the process on some of the rest of its estate. Does the Minister agree that procedures of that kind should be given priority?

Mr Hayes: My hon. Friend, who is a great champion of his local college and a great local Member of Parliament, has written to me about that very matter. I have his letter here. I am pleased to say that I have arranged to speak to him on Monday about the details of his question, and I can also tell him that as soon as I became the Minister we announced new capital funding. I do not say this with any joy—I say it more in sorrow and anger—but what a contrast with the last Government, who presided over a capital funding debacle.

Business Taxation

19. **Mr Edward Leigh** (Gainsborough) (Con): What assessment he has made of the effect on the growth of small and medium-sized enterprises of planned reductions in the level of taxation; and if he will make a statement. [85413]

The Secretary of State for Business, Innovation and Skills (Vince Cable): Many SMEs will benefit from lower corporation tax, reforms to research and development tax credits, relief of business rates, increases in employer national insurance contribution thresholds and tax advantages in the 22 new enterprise zones.

Mr Leigh: We already have the longest tax code in the world. Does the Secretary of State accept that what business wants are not more allowances from the Government but across-the-board tax cuts so that they can get on with running their own business in their own way?

Vince Cable: Many businesses, as I have just said, receive substantial tax cuts, which is absolutely right. As the economy progresses, there will be more, and there is also an exercise in tax simplification, the results of which will be announced at the beginning of next year.

Topical Questions

T1. [85416] **Sajid Javid** (Bromsgrove) (Con): If he will make a statement on his departmental responsibilities.

The Secretary of State for Business, Innovation and Skills (Vince Cable): The Department has a key role in supporting the rebalancing of the economy and business, to deliver growth while increasing skills and learning.

Sajid Javid: May I thank the Minister for Further Education, Skills and Lifelong Learning for visiting my constituency of Bromsgrove and opening a £3.5 million extension to North East Worcestershire college? Will he update the House on what other investment plans he has for colleges up and down the country, and how that will promote young people's life chances?

The Minister for Further Education, Skills and Lifelong Learning (Mr John Hayes): I said a few moments ago that we have made £100 million available. It will be spent quickly, and that will affect colleges across the country. I should like to thank my hon. Friend for being such a generous host when I visited NEW college in his constituency. My hon. Friend the Member for Redditch (Karen Lumley) was in attendance as well, because the college serves both constituencies. On that occasion, I had an opportunity to ride a Harley Davidson motorbike, and like that bike, the career of my hon. Friend the Member for Bromsgrove (Sajid Javid) is powerful, speedy and impressive.

Mr Speaker: We are all intrigued by the Minister's exploits, I am sure.

Shabana Mahmood (Birmingham, Ladywood) (Lab): It is exactly one year on from the Government's trebling of tuition fees to £9,000, and we can clearly see the disastrous impact of that decision. UCAS applications are down by 15%, and the Government have had to introduce the chaotic core and margin model to make up for the fact that they got their sums wrong. Is the Minister for Universities and Science aware that he has created a perfect storm for our world-class higher education sector, and why is he prepared to put our world-leading reputation at risk?

The Minister for Universities and Science (Mr David Willetts): Our reforms will ensure that universities are well financed, and that there is more funding available for access than ever before. Perhaps the hon. Lady would explain to the House why she proposes to double fees and, at the same time, reduce the funding available for scholarships and access money.

T2. [85417] **Simon Hughes** (Bermondsey and Old Southwark) (LD): It is clear to me that the more young people and adults hear the actual facts about the

funding for universities, the more likely they are to apply. Given that there are five weeks left before the conventional cut-off date for applications, will the Minister tell the House what the Government propose to do to make sure that young people and adults, whether full or part-time students, understand the benefits of applying to university.

Mr Willetts: I thank my right hon. Friend for the excellent work that he has done on this important subject. I can report to the House that 90% of schools and colleges have been visited by graduates explaining the facts of the system. In addition, they are reaching out to parents evenings. Every hon. Member has received a copy of the DVD that has gone to every school with the information that shows that no student has to pay up front to go to university.

T4. [85419] **Mr Dennis Skinner** (Bolsover) (Lab): When the Secretary of State was talking about the running down of British industry, he failed to mention that, in the 1980s, the Thatcher Government employed MacGregor to come over here and close large parts of the steel industry, and he almost destroyed the whole mining industry. Does the Secretary of State not realise that, surrounded by all those Tories, he is a mini-MacGregor of his day, carrying out the dirty work of the Tories and overseeing the demise of the rest of British industry? He does it not for the money that MacGregor got but for a ministerial car and a red box.

Vince Cable: After the hon. Gentleman's previous contribution, I set up a visit to his constituency, which will take place, I think, in the first quarter of next year. I can discuss these matters in depth with him then, which I think is rather more than my Labour predecessor did. The hon. Gentleman has been a Member for a long time, but he has overlooked the fact that in the 13 years of Labour Government there was a decline in manufacturing output averaging 0.5% a year.

T3. [85418] **David Rutley** (Macclesfield) (Con): Returning to 2011, what steps is my right hon. Friend taking to create the conditions for the pharmaceutical and life sciences sectors in the United Kingdom, including AstraZeneca in Macclesfield, to be able to compete more strongly in the global marketplace?

Mr Willetts: The life sciences strategy we produced earlier this week aims to rise to the challenge my hon. Friend identifies. In particular, there is an imaginative proposal under which 20 compounds that have been identified by AstraZeneca but are not currently being commercialised will be open to research by others, with a view to using them to create the medicines of the future.

T5. [85420] **Julie Hilling** (Bolton West) (Lab): Bolton university is excellent at recruiting and retaining large numbers of students from disadvantaged backgrounds. It is worried, however, about the future of the widening participation premium, which makes up 6.7% of its teaching grant. Can the Minister reassure them that that premium will be fully funded in 2012, 2013 and beyond?

Mr Willetts: We have to look at the Higher Education Funding Council for England teaching grant year by year, so no assurances can be given about the total teaching grant at this stage. That has never been possible under any Government. What I can tell the House is that the total amount of money going into access funding has increased significantly because of the increase in fees. It is now running at a higher level—£200 million higher—than ever before.

T6. [85421] **Stephen Phillips** (Sleaford and North Hykeham) (Con): I am sure that my hon. Friend the Minister for Further Education, Skills and Lifelong Learning will agree with me not only about his own irrepressibility but also about the importance for economic growth of our meeting the training needs of businesses. What measures is he taking to reduce red tape and excessive micro-management in respect of further education colleges —a trend that so characterised the last Government—in order that they can respond to our economic needs?

Mr Hayes: The Foster report described the last Government's policy as a galaxy of bureaucracy, oversight and inspection. By contrast, we are cutting red tape, streamlining funding systems, and giving colleges greater discretion to respond to the demands of employers and the needs of learners. I have recently published a document setting this out in detail. Copies are available in the Library of the House—and signed copies by application.

T7. [85422] **Naomi Long** (Belfast East) (Alliance): Northern Ireland is the only region where employment law is devolved, an anomaly that in the past has led to the Northern Ireland position being largely ignored in the formulation of UK policy both in the transposition of European Union employment directives and in national agreements. Will the Minister assure us that he will work with the Minister for Employment and Learning in Northern Ireland to provide a framework in which Northern Ireland interests can be addressed in any future developments in this area?

The Parliamentary Under-Secretary of State for Business, Innovation and Skills (Mr Edward Davey): The hon. Lady is absolutely right: our Department looks at the majority of employment law for the rest of Great Britain but not for Northern Ireland. However, I can assure her that officials from my Department are in regular contact with their counterparts in the Department for Employment and Learning in Northern Ireland. Examples of that include frequent conversations during the consultation on resolving workplace disputes, and close working between the employment agency standards inspectorate and the equivalent team in Northern Ireland. Indeed, we are currently working with it to understand the impact of the agency workers directive, and we will continue to do so.

T9. [85424] **Mark Menzies** (Fylde) (Con): Will the Minister update me on what efforts are being taken to attract inward investment into enterprise zones such as that in Warton in my constituency?

The Minister of State, Department for Business, Innovation and Skills (Mr Mark Prisk): We have made good progress on enterprise zones. I know that locally there is a team working together with UK Trade & Investment on specific live commercial projects, and I am hopeful of real progress in the next few months.

T8. [85423] **Gordon Banks** (Ochil and South Perthshire) (Lab): Last week we heard how Project Merlin had failed and was going to be bailed out by credit easing. How many banks have signed up to credit easing, how many small businesses will be helped by that, and will it be more successful than the business growth fund was?

Vince Cable: The Merlin project certainly did not succeed in its central objective, which was to achieve growth in gross lending by banks. There has been a contraction in net lending for a variety of reasons, not least the fact that many companies are holding more cash. Credit easing will be commenced soon. The Treasury will maintain a metric of performance by individual banks, and this will lower the cost of capital for many of their customers. The cost of borrowing and covenanting, as much as access, has now become the central concern.

John Pugh (Southport) (LD): Will the Minister explain how revising TUPE will actually create more jobs, as opposed to facilitating outsourcing?

Mr Davey: My hon. Friend will know that there are mixed views in the business community about whether or not the current TUPE regulations are gold-plated, which is why we have called for evidence. We have not published a consultation with specific proposals as we want to have evidence from all stakeholders, so that when we make our proposals in a future consultation they will be well evidenced.

Mr John Denham (Southampton, Itchen) (Lab): May I draw the Secretary of State's attention to the £150 million worth of entirely private investment that Associated British Ports wants to spend now to equip Southampton for the next generation of container ships? Instead of creating and supporting 2,000 or more jobs, this project is mired in red tape in the Department for Environment, Food and Rural Affairs and its agencies. Will he speak to his colleagues to try to get this vital project under way?

Vince Cable: Yes, I will certainly do that—that seems a very helpful intervention. As the right hon. Gentleman knows, logistics, including ports, were a major part of our work in the growth review. A lot is now happening to open up British ports and invest in them, and I will certainly pursue his inquiry.

Neil Carmichael (Stroud) (Con): I am very much looking forward to welcoming the Minister of State, Department for Business, Innovation and Skills, my hon. Friend the Member for Hertford and Stortford (Mr Prisk), who is responsible for business and enterprise, to the festival for manufacturing in my constituency to celebrate what we have achieved in the constituency, and to promote more investment and employment. But one area that we need to focus on is the supply chain, so what are the Government planning to do to help with that?

Mr Prisk: I am pleased to say that not only will I be able to attend the Stroud manufacturing festival, which is an excellent example of the initiatives taken by those on this side of the House, but the Government have put in place a £125 million supply chain initiative. It builds on the work we have done in the automotive sector, it is a great opportunity and I hope it will be one of those areas where the Labour party will set aside the posturing and work with us positively.

Michael Connarty (Linlithgow and East Falkirk) (Lab): I have been raising the issue of small businesses' failure to be paid by large contractors. The Minister of State, Department for Business, Innovation and Skills, the hon. Member for Hertford and Stortford (Mr Prisk) was good enough to write to me, but he said that more than 50% of the problem occurred because there continued to be a problem with effective customer management on the part of the supplier. In other words, the large companies were to be managed by the small company. Is it not time that we actually did what the Electrical Contractors Association has called for and make it compulsory for 30 days' payment to be in every single contract for a small supplier?

Mr Prisk: In fact, the Labour party tried to do that at the very beginning—in 1998, I believe—and failed. What we are doing is using our procurement powers to make sure that government sets the standard. I think that that is the best way, but I am always happy to look at unreasonable behaviour by large corporations and I would be happy to look at any further details that the hon. Gentleman can provide.

Tessa Munt (Wells) (LD): The county of Avon was abolished in April 1996. The Somerset village of Shipham was never part of Avon and has always been in Somerset, so it is a constant irritation to my constituents that post, including that from all Government agencies and any organisation using the Royal Mail's database, is addressed to Shipham in Avon. When complaints are made to the Royal Mail's headquarters, they elicit the reply, "We like to give users an historical perspective." That is complete tosh. The Royal Mail does not update its database and will not correct inaccuracies in the address details. Will the Minister wade into this ancient, decades-old dispute on behalf of the long-suffering villagers and get this bizarre—

Mr Speaker: Order. I think we have got the thrust of it.

Mr Davey: I am very grateful for my hon. Friend's question. She will be aware that her constituents in this village share their concerns about postcode issues with many other residents in many other constituencies across the UK. I have raised this matter in the past with Royal Mail, and it believes that the costs of changing its systems would be disproportionate. Of course I will raise her point, but I do not want to raise her expectations.

Jim Shannon (Strangford) (DUP): The responsibility to promote adult and community learning in Northern Ireland is a devolved matter. Has the Minister considered linking with Northern Ireland's Department for Employment and Learning to provide a strategy for the mutual benefit of both the UK mainland and Northern Ireland?

Mr Hayes: I do have regular discussions with my counterparts in the devolved Administrations. The point that the hon. Gentleman makes is an excellent one and I shall take action on it following questions today.

Karen Bradley (Staffordshire Moorlands) (Con): I am afraid that I am going to take the Minister back to the issue of postcodes, as many of my constituents contact me with their frustrations about the very wide range of postcodes in Staffordshire Moorlands, which leads to problems with insurance, cold weather payments and the emergency services failing to find people. So would he be able to meet me and local representatives to discuss the possibility of creating and setting up a Staffordshire Moorlands postcode to deal with these problems?

Mr Davey: I am always happy to meet hon. Members and I am sure we can arrange that. Ahead of that meeting, however, I want to ensure that the hon. Lady and her constituents who will be accompanying her do not have raised expectations. Royal Mail is struggling with its financial position. We are turning around Royal Mail—it was a disastrous financial case when we had it from Labour—and, as Minister, I would not want to impose extraordinary and disproportionate costs on it. I shall certainly meet the hon. Lady, however.

Chris Bryant (Rhondda) (Lab): The Labour Government introduced the artists resale right, which has made an enormous difference to many artists in this country. The law requires that it is introduced for the estates of deceased artists from 1 January next year. When I last asked the Secretary of State about it, he said that he could not confirm that it was going ahead and he still looks as bemused as he did then even though it is his responsibility, but the Arts Minister has told me that it will go ahead as long as I do not mention it to anybody else. Will the Secretary of State please now inform us exactly what is happening on the artists resale right?

Mr Davey *rose—*

Chris Bryant: The Secretary of State.

Vince Cable: I believe it will go ahead; I have made further inquiries since the hon. Gentleman's original question.

Martin Vickers (Cleethorpes) (Con): The Secretary of State visited my constituency in July, closely followed by the Minister of State, Department for Business, Innovation and Skills, the right hon. Member for Tunbridge Wells (Greg Clark), clearly recognising the need to boost the local economy. Since that time, we have had two enterprise zones, regional growth fund successes, a new road scheme and the halving of the Humber bridge tolls. My constituents are asking: what next?

Vince Cable: I think there is an expression that goes, "post hoc ergo propter hoc". It is not just a coincidence.

Mr Speaker: I once used that on "Any Questions". I say to the Secretary of State that it does not work.

Water White Paper

11.31 am

Mary Creagh (Wakefield) (Lab) *(Urgent Question)*: To ask the Secretary of State for Environment, Food and Rural Affairs if she will make a statement on the water White Paper.

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Richard Benyon): Making sure that we have enough water for everyone will be one of the major challenges this country will have to deal with in the years ahead. Today's publication of "Water for Life" recognises that water is essential for economic growth and that we must protect the environment for future generations.

The White Paper is a blueprint for action. It outlines plans to modernise the rules that govern how we take water from our rivers; it explains how we will improve the condition of our rivers by encouraging local organisations to improve water quality and ensure we are extracting water from our environment in the least harmful way; it announces plans to reform the water industry and deregulate water markets to drive economic growth; it enables business and public sector customers to negotiate better services from suppliers and to cut their costs; it removes barriers that have discouraged new entrants from competing in the water market; it asks water companies to consider where water trading and interconnecting pipelines could help to ensure secure water supplies at a price customers can afford; it enables water companies to introduce new social tariffs for people struggling to pay their bills and seeks to tackle bad debt that ordinary householders have to bear the cost of to the tune of £15 a year; and it tackles the historic unfairness of water infrastructure in the south-west.

The White Paper is the Government taking leadership on an issue of critical importance to our economy and our environment. It is a bold vision for the management and harnessing of an increasingly scarce but vital resource and I welcome this opportunity to discuss it with hon. Members today.

Mary Creagh: I start by thanking the Secretary of State for her note explaining why the market-sensitive parts of the White Paper were briefed to the stock exchange this morning and expressing my disappointment that she is not giving us her views on this.

We have just had the driest 12 months since records began 100 years ago. That has affected water quality, restricted boating activity and seen wildfires destroy valuable habitats. Last month, the Department for Environment, Food and Rural Affairs granted Anglian Water a drought permit, a highly unusual move for the autumn, when reservoirs are normally filling up. Last Thursday, the Environment Agency's drought prospect report revealed that south-east England is at high risk of drought next year with some restrictions possible on customer supply. Ensuring a safe, affordable and continuous supply of water while protecting the environment and managing unpredictable rainfall is a major challenge. The White Paper is of intense interest to the public, who are worried about rising bills as real incomes fall and household budgets are squeezed. It builds on Labour's Cave and Walker reviews, which we commissioned, and takes an evolutionary approach.

We welcome the proposals to introduce greater competition for business and public sector customers and to establish a cross-border market between England and Scotland for water and sewerage services. We also welcome the fact that water efficiency measures will be part of the green deal, as proposed by my hon. Friends the Members for Ogmore (Huw Irranca-Davies) and for Liverpool, Wavertree (Luciana Berger) during the passage of the Energy Act 2011. However, the White Paper is silent on how the water sector will reduce its carbon footprint and encourage energy from waste, and the proposals on the removal of historical abstraction licences, which cause such damage to our environment, are given an end date of 2025, which is far too late.

Last week's autumn statement announced £40 million a year to help 700,000 households in the south-west pay their water bills. Will the Minister tell the House when the £2 billion capital investment in the south-west that South West Water invested be paid off and how long the £40 million subsidy will continue for those customers? How will he ensure that those proposals for South West Water meet EU state aid rules? We know that bills in the south-west are, on average, £157 higher than those across the rest of the country, reflecting the botched Tory privatisation of 1989, which left 3% of the population paying for 30% of the country's coastline and the £2 billion investment in new sewerage services. Does that money set a precedent for other areas of the country to receive help to offset capital investment costs? The cost of the Thames tideway tunnel is now estimated to be over £4 billion, so can Thames Water customers look forward to receiving similar help with their bills?

More than 2,250,000 pensioners, single adults and families spend more than 5% of their disposable income on water bills. The Government's proposals to help people with rising bills elsewhere in England and Wales are weak and unclear. How does the Minister propose to force water companies to ensure that those eligible people receive help with their bills when that will come straight off the companie's bottom line? What sanctions will there be for water companies that consistently fail to help people with their bills? Has he decided whether to fund Water Sure through public expenditure, as mentioned in the consultation in June, and, if so, what will the cost be per annum? Has he rejected the idea of match funding for company social tariffs in the south-west and modifying sewerage charges for non-household sectors?

Today's water White Paper is more than six months late, and it is a curate's egg—good in parts. We will work with the Government to ensure a fair deal for water customers, whatever part of the country they live in.

Richard Benyon: I am grateful to the hon. Lady for the welcome she has given to large elements of the White Paper. She is right that it builds on work that has been done over many years. I am grateful to Professor Cave, Anna Walker and to David Gray for his report on Ofwat, which informed the White Paper, as have the contributions of many stakeholders, other organisations and Members of the House.

The hon. Lady made a slightly predictable and lame remark about why I am dealing with the issue today, rather than the Secretary of State. We have a style of management in this Government that encourages people to take control of the issues. It is a highly motivational

style that I recommend to her, because it encourages greater understanding of the issues. The Secretary of State and I have spent many hours preparing the White Paper and have immersed ourselves in the detail.

The hon. Lady is wrong to suggest that there is not enough in the White Paper on reform of the abstraction system. The abstraction rules go back to the early 1960s and do not take into account changes to our climate and weather patterns, and it is important that we have new and clear rules that take us into the future. We will consult in 2013 on our long-term approach to a transitional system of changing abstraction that will work and be sustainable in every sense.

There are urgent measures that we need to take forward, because in constituencies similar to mine, much-loved and much-valued rivers, which are vital to our eco-systems and to the general health of our environment and to the way in which we value it, are running dry. The White Paper sets out clearly how the Environment Agency will work to bring forward speedily measures that change how we abstract water, so that we return water as quickly as possible to river systems, and our catchment approach, which we announced in March, will soon start to benefit water quality and pollution. I urge the hon. Lady to support that measure, which involves many local people, is effective and tackles the urgent situation that we face, brought about by the current low rainfall and the impending drought, unless we have a proper, wet winter.

The hon. Lady mentioned South West Water. We believe that the announcement in the Budget, on which the Chancellor gave more detail in the autumn statement, sets out a way of righting a long-term wrong. It is to the credit of this Government that they have tackled it, because Members from all parts of the House have raised the issue for a great many years, and we are dealing with it. I am not going to pretend to her or to the House that the announcement will create the equivalence that people in the south-west might feel they deserve, but it is a considerable contribution and is separate from what we are doing to assist those on low incomes throughout the country to pay their bills.

We are consulting on the guidelines that we will produce for companies' social tariffs, and I recommend to the hon. Lady the details in the White Paper on the excellent work that several water companies are doing to make it easier for people to pay their bills, and on the work that the companies are doing with organisations such as Citizens Advice and others.

The hon. Lady asks how long the payment announced by the Chancellor will continue. In an almost unique announcement, I can tell the House that it will continue beyond the end of the spending review and, in fact, until at least the end of the next spending review. Of course, it will be for Ministers then to decide what happens after that.

The hon. Lady talks about other high-cost items and their impact on people's bills, and refers to the Thames tideway tunnel, which, as she rightly recognises, imposes a high cost on Thames Water customers. The cost of the project is of great concern to Ministers and to the Government, and we are looking at it very closely. We remain supportive of the scheme, however, and page 55 of the White Paper shows the Government's clear support for it. The Thames is one of the most important rivers running through an iconic city, and we need to ensure that it is clean. We believe that this scheme offers the best solution.

The hon. Lady asks me about the guidance on tariffs. Water is a monopoly industry, and the monopoly industries are highly regulated by three regulators, so Ofwat will continue to set prices and to be an independent regulator. We will give clear guidance on where we think it should be going, but the relationship will remain the same and its responsibility will be to keep bills affordable.

Several hon. Members *rose—*

Mr Speaker: Order. What are required now are short questions and short answers, because we must move on. That is the way it has to be done.

Tony Baldry (Banbury) (Con): Birmingham has a greater length of canals than Venice, and the country as a whole has an extensive canal network, so what assessment has my hon. Friend made of its potential to link those parts of the country with above-average rainfall with those parts that need more water?

Richard Benyon: I have looked very carefully at that issue, and as my hon. Friend will know we are in the process of a very exciting change in how we manage our waterways, in transferring British Waterways to the charitable sector. There remains the opportunity to use our canals to move water around, but the sad truth is that water is an extremely heavy substance, and it is very carbon-intensive to move it very far. The economic assessments that I have seen state that to move water much more than 30 miles is uneconomic, but through a range of different measures we start to see that, with interconnectors, we can incentivise water companies to use a variety of means to move water from neighbouring areas to theirs. Then, we can start moving a trickle of water from areas of high rainfall to areas of low rainfall.

Mr Ben Bradshaw (Exeter) (Lab): I welcome the fact that the Government are implementing the part of Anna Walker's review that will bring relief at last to consumers in the south-west, although I note, of course, that our bills will still be more than £100 more than in any other part of the United Kingdom. Will the Minister say a little more about infrastructure? The thing that puzzles many members of the public is that we live in a wet, temperate climate with lots of rainfall, and yet we constantly talk about having droughts. What more can the Government do to increase the capacity of reservoirs and other infrastructure to avoid that happening?

Richard Benyon: I thank the right hon. Gentleman for his words. Of course, he is right. We want to encourage water companies to continue to invest. A key element of the White Paper is to send a very clear message to the investor community that we value the nearly £100 billion of investment in our infrastructure over the past 22 years and want to see more of it in future. There have been two intentions in that direction: first, not to spook investors by giving the wrong indications about how we want to proceed on competition; and secondly, to say to the investor community, "This is a place of safety and security where you can invest for the long term." We will still require greater infrastructure and elements of construction that will make our economy and our environment more resilient to the kinds of weather changes that are happening.

Andrew George (St Ives) (LD): Like the right hon. Member for Exeter (Mr Bradshaw), I welcome the Government's approach to South West Water customers and to the social tariff proposal. However, does my hon. Friend acknowledge that the ability across companies to respond to the advantage that is given to them as regards social tariffs will vary from company area to company area, and will he keep that under review? After all, this is a White Paper, not a Bill.

Richard Benyon: The hon. Gentleman is absolutely right. We hope to legislate in the near future on a number of these matters, not least that of South West Water, which does require primary legislation. The guidance that we are consulting on will be made available when the results of the consultation are known in January—in the new year, to be precise. We will very much take his concerns into account. We want company social tariff schemes that really work and get to those who are in water poverty.

Caroline Lucas (Brighton, Pavilion) (Green): I welcome the publication of the White Paper, although I am disappointed that in some respects it is not more ambitious, particularly as some of the measures that we need could be very simply achieved. To give one specific example, are there plans to include a mandatory requirement to have rainwater harvesting in all new homes, and if not, why not, given that it is a very simple measure that could nevertheless have a significant impact?

Richard Benyon: There are great incentives to be given in the construction of new homes. In terms of the wider debate on development, sustainable development will put the onus on developers to show that the construction of these dwellings will have as minimal an impact as possible on the environment. This will be a real driver towards using water-conserving measures such as greywater schemes, sustainable drainage systems and a whole host of others that we will be bringing forward as this process goes further.

Mr James Gray (North Wiltshire) (Con): One reason for over-abstraction from rivers such as the source of the Thames and the Malmesbury, the Avon and the Kennet in my constituency is that the law prevents planners from considering water and sewerage availability when agreeing unwanted out-of-town developments and large-scale developments such as those around Swindon. Will the Minister have discussions with his colleagues at the Department for Communities and Local Government to consider whether planning law could be changed to avoid over-abstraction from rivers such as mine?

Richard Benyon: That is a matter of great concern to me. The River Kennet flows through my constituency, and when I stood in it in Marlborough the other day, it was as dry as the carpet on which I am standing. It is a very real problem, and the projections for population growth across this country in the years to come indicate that we have to address it now. We are setting out in the White Paper a vision that will precisely encompass the concerns so accurately voiced by my hon. Friend. We need to ensure that there is an adequate water supply so that our rivers and taps can continue to flow, and we are trying to link up those two very important requirements.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): The Minister will be aware that it took David Walliams's sponsored swim down the Thames to remind our constituents how filthy some of our rivers are. Tens of thousands of tonnes of sewage are still pumped into the Thames. Protection for the quality of our rivers comes from the Environment Agency, but everyone is saying that the Environment Agency is being run down and that it does not have the capacity to be vigilant and ensure that our environment is safe.

Richard Benyon: I have the highest respect for the Environment Agency. The people who work there are true professionals and are absolutely committed. I have had no indication from them that they are unable to deal with water quality issues, as described by the hon. Gentleman. I agree with him that the main river flowing through our capital city is in a disgraceful state. Not only should it be our ambition to see it cleaner, but we have to comply with international treaties. It behoves us to take the tough decision to restore its quality. However, that will not happen with the exclusion of other rivers that are also suffering quality problems.

Stephen Phillips (Sleaford and North Hykeham) (Con): Lincolnshire, where my constituency sits, is one of the driest counties in the country, somewhat counter-intuitively. Water is therefore of great importance to my constituents and in particular to those who farm. Will the Minister assure the House that there are no proposals in the White Paper that will adversely affect the farming industry?

Richard Benyon: One of the core principles that motivates us in DEFRA is food security. We are deeply indebted to the farming community for the innovation that it has shown and for its ability to cope with changing weather patterns, while continuing to produce quality food. During the drought last year, we engaged with abstractors, many of them from the farming community. We found that the Government have many tools at hand to deal with the problems now. There was some very innovative work by the Environment Agency, the National Farmers Union and other organisations on that. The White Paper addresses the urgent and available methods, but also considers a new, changeable abstraction scheme for the long term that encourages farmers to continue to produce food.

Thomas Docherty (Dunfermline and West Fife) (Lab): I think that there will be concern at the failure to separate the retail arm of competition for non-domestic customers. May I press the Minister to set out the timetable for the introduction of a zero-threshold market for all non-domestic customers?

Richard Benyon: That is a clear priority. We hope to have a water Bill to take those methods forward. We looked closely at the recommendations of the Cave report and those from a number of other quarters about retail separation. We are making substantial changes on competition, but we were not persuaded of the need for wholesale reorganisation and separation. We want to ensure that the water sector remains open to increased investment. We hope to make changes with a water Bill in the next Session of Parliament.

Roger Williams (Brecon and Radnorshire) (LD): I welcome the commitment in the White Paper to tackle water quality on a water catchment area basis. I notice that the Teme, Wye and Severn catchment areas straddle the England-Wales border. I ask the Minister to work closely with Ministers in the Welsh Assembly and other agencies to ensure that water quality is improved as quickly as possible.

Richard Benyon: I have visited that catchment area and know that there are serious issues to be tackled. We work closely not only with ministerial colleagues in Wales, but with the Environment Agency and the new Countryside Council for Wales. I assure my hon. Friend that cross-border issues will be dealt with to reflect the needs of catchments. We will work with all concerned to ensure that that is successful.

Paul Flynn (Newport West) (Lab): If the Government are abiding by their promised timetable, 8 December is part of early summer. Is it not true that this White Paper is not only late, but lame and limited? It appears to disregard altogether the immense potential of water resources to generate clean, sustainable energy.

Richard Benyon: I am saddened that the hon. Gentleman is not as welcoming of the White Paper as others have been. We originally planned to introduce it in July and I recognise that it is a few months late. However, I am sure that he would have preferred for us to take a bit longer and get it right rather than rush it. We produced a natural environment White Paper in June, which informed the issues that we are taking forward in this White Paper. We have consulted closely with people across the water sector and in the wider DEFRA family. I think that it was better to take a few months longer and get it right.

Nadhim Zahawi (Stratford-on-Avon) (Con): I welcome the White Paper. Will the Minister confirm that the reason it was released to the City first was that it contains market-sensitive information? There is genuine anxiety in Stratford-on-Avon and throughout the country about over-abstraction. What can he say to my constituents to allay their fears?

Richard Benyon: My hon. Friend is right: we released only the parts of the White Paper that were market sensitive to the stock exchange, after informing Mr Speaker. I gather that there is precedent for such a move and I am grateful for the general support for it. My hon. Friend's constituents, like mine, are right to be concerned about the impact that over-abstraction is having on their environment. That is why we are making a reasoned change to the abstraction system in the long term and tackling urgently the problems of over-abstraction in certain areas where rivers are dangerously low or even running dry.

Mr Andrew Love (Edmonton) (Lab/Co-op): The Minister has confirmed his commitment to the Thames tideway tunnel investment of £4 billion. Will he also confirm the other major investment in the Thames Water area at Deephams in my constituency? How will the Government continue to protect the consumer from the increased bills that will be occasioned by that major investment?

Richard Benyon: Deephams is vital to the infrastructure that we need. The hon. Gentleman is right to suggest that it will have an impact on people's bills. It is the job of the Government, working with Thames Water and Ofwat, to ensure that that cost is as low as possible. There is a large contingency in the Thames tideway project, which every experience of large-scale environmental projects shows is necessary. I hope that we can work with Thames Water to ensure that these infrastructure projects are produced at as reasonable a cost as possible and with as little impact on charge payers as we can achieve.

George Eustice (Camborne and Redruth) (Con): I, too, welcome the measures outlined in the White Paper to deal with the affordability of water bills in the south-west. As the Minister said, this issue has been discussed for more than a decade and nothing has been done. It is good finally to see action. In respect of the concerns about whether this sets a precedent for the Thames tideway project, does he agree that a major difference is that the population of the Thames Water area is far greater than that of the South West Water area, so the overall impact of the infrastructure improvements on bills will be far lower?

Richard Benyon: It is no comfort to my constituents or the constituents of other hon. Members in the Thames Water area to say that their bills are likely to go up. However, when they do go up, our projection is that they will be at about the national average. My hon. Friend's constituents will continue to pay bills of about £100 over the national average. We have made a considerable investment to try to right the wrong that they have lived with for a long time. It is never easy, but I assure him that I will continue to work with Ofwat and others. I am grateful for his contribution and that of other hon. Members from the south-west in this difficult process. I hope that it is appreciated that we are getting somewhere.

Chris Bryant (Rhondda) (Lab): With all this talk of dryness, I feel as though the Rhondda is living in a different world—perhaps not for the first time—because the issue that affects us most is still flooding, in particular where there is dry ground and water comes straight down off the mountains. One thing that has helped enormously is that Dwr Cymru, Welsh Water, has, with its unique structure, been able to work more co-operatively with the Welsh Assembly and others. Will the Minister ensure that nothing compromises that unique structure?

Richard Benyon: I commend that company. I was with its chairman just the other day discussing this issue. We have to learn how water companies cope with large quantities of water in high rainfall areas, but also how we can work with them to achieve greater connectivity with other water companies. If we see water flowing from area to area, it will benefit the hon. Gentleman's constituents through the bills that they pay and encourage water to go to the stressed areas of the south-east.

Dr Thérèse Coffey (Suffolk Coastal) (Con): The microclimate in Suffolk Coastal is quite similar to that of north Africa, and farmers are used to using irrigation in producing crops. There are also big abstractors of both river and ground water. I welcome large parts of the White Paper, but I am a little worried by recommendations 3.39 and 3.43, which I am concerned will put farmers in my constituency out of food production.

Richard Benyon: I am very happy to discuss the details of that with my hon. Friend and with farmers from her constituency, because that outcome is not our intention. We want farmers' businesses to be secure for the future. If the Government had not taken responsibility for this issue by taking forward a clear vision of an abstraction regime that is fit for the future—it has been a problem for a long time that there has not been such a coalescing of ideas—farmers in her constituency would have been in a much worse condition.

Stephen Mosley (City of Chester) (Con): The Minister has just mentioned Welsh Water. Will he remember that it also serves customers on the English side of the border, for instance in Chester? In areas where there are disputes between DEFRA and the Welsh Assembly Government—for example, on the Consumer Council for Water—will he ensure that customers on the English side of the border are not forgotten?

Richard Benyon: I will of course ensure that they are not forgotten. I am looking forward to going up to the north-west to see the new interconnector, which will provide water from places such as north Wales to an area that was water-stressed last year. We have to recognise that drought is not exclusive to the south and east but is now a feature in other parts of the country, including my hon. Friend's constituency.

Core Cities

12.1 pm

Hilary Benn (Leeds Central) (Lab) *(Urgent Question)*: To ask the Secretary of State for Communities and Local Government if he will make a statement on the powers and finance he intends to devolve to local authorities.

The Minister of State, Department for Communities and Local Government (Greg Clark): I am grateful for the opportunity to answer.

I have laid in the Library today a copy of a document that the Government are publishing entitled "Unlocking growth in cities", and I have laid a written ministerial statement. The document outlines a new framework for the relationship between our larger cities and central Government.

England's largest cities—many of the issues in question are devolved matters—are the economic powerhouses of our country. We are offering them a menu of new powers that we want to explore as part of a series of bespoke "city deals". The ability to do that comes from an amendment that was introduced into the Localism Bill, which was promoted by the core cities group and attracted all-party support. It allowed powers to be devolved to cities in future, and I believe it is important to act on it.

Our cities have great potential to contribute more to growth, and to enable them to do that we want to free them from Whitehall control in a number of areas, with the aim of stimulating growth. The first wave of deals that we propose will be with the eight largest cities and their surrounding local enterprise partnerships. As with any deal, cities will have to offer something in return for their new powers and funding. They must guarantee that they can provide strong and accountable leadership, improve efficiency and outcomes, and be innovative in their approach.

The bespoke approach of recognising the differences between cities and allowing licensed exceptions is a new idea to put cities back in charge of their own economic destiny and enable them to seize the opportunities for growth. It represents a big shift in how Whitehall works, with the presumption being that powers should be handed down wherever cities make a convincing case.

It is important to say that today's document sets out a series of indicative options for the transfers of control that could be considered as part of each deal-making process. The list is not intended to be a statement of policy or represent an automatic entitlement for cities. It is neither prescriptive nor exhaustive, but it might help the House if I give some examples of the content of the document.

We want to bring an end to the current system of requiring cities to bid to different Whitehall departments for different pots of cash, whether for roads or housing. Instead, we want to explore whether they can get one consolidated capital pot, to direct as they see fit. We want them to have the ability to set lower business rates for certain types of company. We already have very successful business improvement districts, and sometimes firms in a particular sector across a wider area may benefit from the same degree of flexibility.

There will be a £1 billion boost to the regional growth fund to create jobs, and we will encourage cities to bid for that money to help clusters of businesses in their

area, so one bid could help several small companies. We know that many small businesses find the system of taking on apprentices daunting, so cities will be able to set up city apprenticeship hubs, which will help local employers and local people to make the most of the opportunities offered by apprenticeships.

We want to improve the way in which services work together in cities, to make it easier for people to get back into work instead of being passed from one service to another—from Jobcentre Plus to the town hall to a careers adviser. That can be done under one roof, and we want to make that possible. We also want to offer powers over infrastructure to unlock investments in improving transport, housing and broadband. Currently, transport projects can be delayed because cities have to go through the Whitehall machinery, but they may have the capacity to make some of the decisions themselves. Cities should also be able to have more of a say on their priorities for housing and regeneration, instead of having to go through the Homes and Communities Agency.

Cities will be able to bid for a share in a £100 million capital investment pot to spend on ambitious broadband infrastructure projects. We expect bids to include a range of projects, including superfast broadband for strategic business areas and city-wide high-speed mobile connectivity.

As I said, we want to start with the eight core cities that proposed the amendment to the Localism Bill, but I wish to be clear that our vision extends to the whole of urban Britain. I will be open to suggestions from other cities about how they can make use of the powers that the Bill, now the Localism Act 2011, gives them.

The powers that we are proposing will help to allow our cities to be the economic, social and cultural magnets that they have the potential to be, and places where people aspire to live. Our cities have too often been straining at Whitehall's leash, and they now have an opportunity to seize the powers that are available to them. I hope that the conversation and negotiations that we will have in the months ahead will be fruitful, and I commend this statement to the House.

Mr Speaker: Yes, I notice that the Minister refers to his "statement" to the House, and his observations did somewhat exceed the time limit allocated to Ministers for dealing with urgent questions—so much so that one wonders whether he might have considered making an oral statement in the first instance.

Hilary Benn: I am grateful to the Minister for his reply, but it should not have taken an urgent question to bring him to the Dispatch Box this morning. Once again, a major policy announcement affecting local government, this time made in the Deputy Prime Minister's speech in my constituency this morning, is all over the national and regional media, who were clearly pre-briefed yesterday, whereas the House should have been told first today.

The efforts of councils and communities up and down the country make the biggest contribution to our cities, and it is the Government's job to help them do so. At least the Deputy Prime Minister acknowledged today that areas once synonymous with urban decay were "dramatically revived" thanks to Labour's investment. However, when we examine the "unprecedented transfer of power" that he has talked of, in fact we find unprecedented cuts, as confirmed in this morning's local government settlement, on top of the cuts already resulting from the scrapping of regional development agencies. Those cuts are substantial, front-loaded and unfair.

Will the Minister explain why the 10% most deprived local authorities, which include the core cities of Manchester and Liverpool, are facing reductions in their spending power nearly four times greater than the 10% least deprived authorities? There is only one way to describe that, and it is as balancing the books on the backs of the poor or, when it comes to job losses, on the backs of women, who have lost twice as many jobs in local government as men since the coalition was formed. How many more public sector jobs will be lost in the core cities in view of the revised Office for Budget Responsibility forecast published last week?

When does the Minister expect the new powers for the core cities to be confirmed? He has assured the House today that they will be available regardless of the outcome of the mayoral referendums, so when does he propose to extend them to other councils?

On the devolution of local funding, we developed single pot funding, a good idea that is now being taken forward. We welcome that, but will the Minister tell the House by how much the Government have slashed local capital spending in the core cities? Is that not why we now face an "infrastructure deficit"? Those are not my words but those of the Prime Minister.

How will reducing the affordable housing budget by nearly £4 billion unleash the power of local councils, including the core cities, when it means that they will find it much more difficult to provide the homes that their people need?

Councils will welcome a role on apprenticeships, although many already play a role, but why are local authorities, including the core cities, excluded from playing a part in the Work programme? Surely they should have a role in helping people to find jobs, which is an urgent task up and down the country.

On the changes to local government finance announced by the Deputy Prime Minister today, which will affect all councils, will the Minister give the House an assurance that no local authority will lose out financially? Will there be effective redistribution from the most well off to the least well off? How much of the increase in business rate revenue do the Government plan to keep for themselves? How exactly is that localisation?

On the business rate discounts, to which the Minister referred, who will decide where and to which industry they can be offered, and will he assure us that that will not just result in better-off areas being the ones that can attract new businesses?

The Opposition support strong and innovative local government, which should have the powers it needs to do that job, but no amount of warm words will hide two very uncomfortable facts: the Government are cutting unfairly and their failed economic policy is undermining the growth of our core cities and all local communities, when what they really need is a change of course.

Greg Clark: I accept your words, Mr Speaker, that, such is the replete quantity of announcements that we are making, I might have made a statement on them.

[Greg Clark]

However, I am pleased to be able to respond to the right hon. Member for Leeds Central (Hilary Benn).

The intention of the proposals is to begin a series of negotiations with cities—we have not made a definitive announcement of powers that will be vested in one city rather than another. I thought it reasonable to publish a document to encourage cities across the country and see what others have suggested.

The right hon. Gentleman mentioned RDAs, but he will know that local enterprise partnerships in each of the cities are making major contributions to our reform. It is significant that when people were invited to make a proposal on how they should organise themselves economically, local businesses and local authorities proposed core cities as a preferable alternative. I am not aware of any consensus on the retention of RDAs.

On the local government finance settlement, to which the right hon. Gentleman referred, he will know that this is the second year of a settlement announced last year. I can confirm that the figures are exactly the same. The average reduction in spending power is 3.3%, which is less than last year's reduction, and there is the protection of a maximum reduction of 8.8%.

In terms of fairness, we have again advantaged the deprivation and needs component of the formula to ensure that it has a greater weight compared with the system that we inherited.

On jobs, the right hon. Gentleman will know that to rebalance the economy it is important that we have private sector job creation. That is the agenda that the local enterprise partnerships are putting forward, and each of the core cities is clear that that is what is needed. They have a great capacity to create private sector jobs. Our future jobs are likely to come from knowledge-intensive industries, of which cities are ideally placed to be the hosts. In cities, people are in close proximity with one another and can share knowledge and insights. Cities will be the cradles of growth in future, and it is right that private sector job creation should be the key to that. He will also know that the Office for Budget Responsibility independent report on the autumn statement projected an increase in private sector jobs of 1.7 million in the years ahead.

We will negotiate case by case on what each city would like to be part of the single pot. It is important that we recognise that the needs of Liverpool are perhaps different from those of Bristol or of Leeds.

The right hon. Gentleman asked who should approve the discounts available in business rates. That is clearly a matter for the local authorities representing the whole of the city area. When there are industry-specific arrangements, we would expect a ballot of those industries, as with business improvement districts, which can have a higher levy.

The proposals we are making today are consonant with the discussions that we have had with each of the core cities during months past. I hope that the right hon. Gentleman and his colleagues, having been instrumental in providing this power, will join the leaders of all parties in the cities to ensure that we can give them the tools they need to unlock growth in their areas.

Mr Stewart Jackson (Peterborough) (Con): The Minister's reply to this urgent question shows that this Government are serious about civic renaissance. Will my right hon. Friend make efforts to speak to his colleagues in the Treasury about supporting tax increment financing and residential estate investment trusts, and about the development of more detailed special-purpose vehicles to access private sector capital to drive regeneration, not just in large cities, but in smaller ones such as Peterborough?

Greg Clark: My hon. Friend is absolutely right. One power that we are keen to see devolved to cities is a greater ability to invest in infrastructure, which can unlock growth and lead to financial prosperity. We have consulted on suggestions for tax increment financing and will propose our response shortly, but it is clear that cities want to be in the vanguard of using such powers.

Mr Nick Raynsford (Greenwich and Woolwich) (Lab): The Minister talked about the devolution of business rates, but he did not respond to the question that my right hon. Friend the Member for Leeds Central (Hilary Benn) asked him on Government plans to retain part of the revenue from them. If the Minister is serious about localism, will he tell the House whether the Government will consider options for devolving all business rate revenue to local government and not allowing a clawback by the Treasury?

Greg Clark: The right hon. Gentleman will know that the Government have consulted on precisely that. It is important that there is a strong connection between an authority's business rate receipts—all authorities; not just cities—and its policy behaviour in respect of businesses. The direction in which we are headed is very clear, but the precise technical details will be made clear in days to come.

Lorely Burt (Solihull) (LD): I welcome today's announcement, particularly the repatriation of business rates. Real localism means people having their own money to spend how they decide locally. How many savings will be made by reversing Labour's Whitehall centralisation, under which so much taxpayers' money was lost in administration costs before it ever got to front-line users?

Greg Clark: There is recognition that whatever the intentions behind the regional agencies, whether RDAs or regional arrangements more generally, they had become instruments—or, as it were, embassies—of Whitehall in the country. Our preferred approach is to devolve powers to cities so that they can revive their reputation of being able to determine their own future and stand proudly in the world as beacons of investment.

Mr Graham Allen (Nottingham North) (Lab): As Chair of the Select Committee on Political and Constitutional Reform, I strongly welcome the principle and philosophy behind today's announcement and the co-operation with the core cities in moving the proposals forward. All parties should ensure that they are on the right side of the ambition of local government for greater independence. Is the Minister aware that local government in this country is one of the few in any of the western democracies to remain a creature of statute?

Will he consider pushing localism much further towards genuine independence, as is enjoyed in other western democracies? The Local Government Association is currently looking at that and might well campaign on it in the new year.

Greg Clark: I commend the work of the hon. Gentleman and his Committee. He is right that we want to improve the standing of local government and its ability to be recognised as having—in effect—a constitutional significance that cannot simply be brushed aside. As he will know, our reforms in the Localism Act 2011 move considerably in that direction to establish a general power of competence for local government, so that it no longer exists to do those things that it is told to do by Parliament and central Government. Instead, the default should be the other way around: councils should be able to do things unless they are explicitly prevented from doing them by Parliament. The Act is a huge step in that direction, but I look forward to the report from the hon. Gentleman's Committee—it will be taken very seriously in the Government.

Julian Smith (Skipton and Ripon) (Con): This is a great opportunity for northern cities such as Leeds to seize back control from London. Does the Minister agree that Leeds is doing the right thing by attracting inward investment, sovereign wealth funds and other sources of capital, and not relying on money from Whitehall?

Greg Clark: My hon. Friend is absolutely right. One of the things that was suppressed under the old regional arrangements was the identity of cities internationally, and one of the proposals that we make in the document is that UK Trade & Investment should work even more closely with cities to promote the identity of cities such as Liverpool, which is world renowned and should be given particular prominence in UKTI's work around the world.

Mr Ben Bradshaw (Exeter) (Lab): I was pleased by the Minister's clear statement that these new powers would not be restricted to the biggest regional cities, but applied—as he said—to all urban areas. But how on earth is that compatible with one of the first decisions that this Government made, which was to take away Exeter's unitary status?

Greg Clark: I know that there has been an extensive debate, and great opposition in the area, about that issue, but it was settled. Rather than change administrative boundaries, which could bog down this process and waste time, our choice has been to respect existing administrative boundaries and, within that, transfer powers.

Guy Opperman (Hexham) (Con): Will the Minister outline how his core cities plans will impact on business rates and investments to boost the economy of Newcastle and the north-east?

Greg Clark: The connection between business rates and investment should of course be a virtuous circle. It should be possible to invest in major infrastructure projects knowing that they will attract business, so establishing a clear connection between the activities and behaviour of the council and the rewards for that. The proposals that my right hon. Friend the Secretary of State for Communities and Local Government will make on the reform of business rates, combined with the access to single capital pots, will provide—for the first time—the ability as of right for cities to invest in their infrastructure, attract businesses and reap the rewards of doing so, and so enter that virtuous circle.

Jonathan Ashworth (Leicester South) (Lab): The Minister has announced some very interesting measures, but I am not entirely sure that they will compensate for the huge cuts our cities face. It is very disappointing that Leicester is still not considered a core city. We are the pre-eminent city in the east midlands, we have a very successful mayor in Sir Peter Soulsby—a former Member of Parliament—and I am sure that the city could benefit from some of the proposals announced today. Will the Minister add Leicester to the list of core cities?

Greg Clark: The hon. Member for Nottingham North (Mr Allen) looked somewhat askance at that, but I think that rivalry between cities is healthy. Cities should have an identity, and verve and competitiveness should be encouraged. As I said to the right hon. Member for Leeds Central (Hilary Benn), I will not rule out the inclusion of any cities that can make a good case for taking on some of these powers. I would certainly expect Leicester to be pre-eminent among those cities.

Dr Thérèse Coffey (Suffolk Coastal) (Con): I grew up in the city of Liverpool and I am sure that fellow Scousers will welcome these proposals, but I now represent a seat in Suffolk, which does not have a city but is bigger than most of the cities that my hon. Friend has mentioned. What is stopping the transfer of these powers to shire counties, and why are they being restricted to cities at present?

Greg Clark: My hon. Friend knows that our agenda for decentralisation extends across the country to authorities of all types—indeed, the Localism Act enacts those powers—but it is right to recognise that our cities have particular challenges and opportunities. Just as cities around the world have prospered from having a policy focus, it is right that we should consider the challenges of urban Britain and, by transferring powers to cities and encouraging them to realise their potential, we should help our cities to do what cities in other countries do, which is to match or exceed the national average of prosperity. Too often, our cities are below the national average in income, and we want them to improve their position.

Tony Lloyd (Manchester Central) (Lab): The Manchester region will welcome the direction of travel that the Minister spells out, but does he recognise that the fundamental partnership between the previous Government and my city—and other northern cities—which saw such dramatic changes, was premised on the fact the Government ensured that resources were adequate? Will he guarantee that we will see a proper resource base for our core cities?

Greg Clark: The reforms give more control and more direct ability for authorities to have the resources that they need to invest. One of the features of the system

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that we inherited from several Governments is that too often our great cities, which have an international standing and reputation, have had to look up to Whitehall to plead for assistance when they have the capacity and resilience to invest and reap the rewards themselves. That is the change that we want to secure and these proposals are a step towards that.

Stephen Williams (Bristol West) (LD): The Minister has visited Bristol and he will know that the city of Bristol is not the same as Bristol city council. A pot of money will be welcome to help to solve the city's transport problems, but power over the entire urban area would be more welcome. Will the Minister endorse the case for an integrated transport authority for the county that used to be Avon?

Greg Clark: This is one of the proposals that I expect to come from Bristol. The Government recognise, in this document, that cities include their surrounding area, and indeed that is how local enterprise partnerships defined themselves. One of the criteria for the deals is to ensure that all the connections in the area in and around the city are reflected in what is proposed, so I expect that to be part of the discussion that we will have with the authorities in my hon. Friend's area.

Mr Gordon Marsden (Blackpool South) (Lab): What the Minister's paper shows, in what it says about LEPs and skills, is that Ministers are having to reinvent the wheel on what RDAs did. Belatedly, they are giving powers to LEPs, wasting 12 months in the process. Does he accept that, as Members on both sides of the House have said, these powers and opportunities should also be available to second-level towns, coastal towns, rural areas and suburban areas on the edge of cities? Will he also look at the need to combine a skills strategy with localism in those areas—something that his colleagues in the Department for Business, Innovation and Skills and across the Government have so far failed to do?

Greg Clark: That is explicitly referred to in the document. We want to give the opportunity for cities to engage in skills strategies and help to equip the next generation of workers to enable businesses to prosper. I have been clear in what I have said: while we are starting with the core cities, this should by no means be seen as an exclusive process and I want to extend these principles beyond that.

On the point about the ability to do this through LEPs, I think that the identity and strength of cities were submerged under the regional structure that we inherited. Having swept away the regional approach, we are giving life to the potential of these cities, as is being increasingly recognised.

Martin Vickers (Cleethorpes) (Con): I welcome the Minister's announcement and the continuing devolution of powers to our local authorities. Like the hon. Member for Blackpool South (Mr Marsden), I represent a coastal constituency, and my constituents will be concerned that investment will be sucked into our cities to their disadvantage. Will the Minister assure me that other measures will be introduced that will help constituencies such as mine?

Greg Clark: My hon. Friend knows that coastal cities have been a particular focal point for the Government. As a considerable presence in his area, he will want to encourage his authority to make use of some of the powers that are generally available. It is right to recognise the importance of cities and what they can do, but one of the contributions that they can make is to revive the prosperity of areas even outside the city boundaries, and I am sure that that will be the case in and around the Humber.

Nick Smith (Blaenau Gwent) (Lab): May I press the Minister on the point that local authorities should surely be included in the Work programme? They could play a great part in helping people to get jobs.

Greg Clark: The document makes an explicit proposal that local authorities should be able to participate in the Work programme. It is relevant for them to be able to bring local insights to bear, the better to get people from welfare into work.

Robert Halfon (Harlow) (Con): I welcome these moves from Fabian centralisation to local democracy, but will my hon. Friend consider extending these devolved powers to core new towns such as Harlow, especially given that we are now an enterprise zone?

Greg Clark: I am delighted by Members' requests to extend these powers beyond the cities. It is music to my ears. I would be delighted to have such compelling propositions and requests from cities and new towns and indeed from other parts of Britain. We are starting with the core cities, but we want to go further.

Business of the House

12.30 pm

Ms Angela Eagle (Wallasey) (Lab): Will the Leader of the House give us the business for next week?

The Leader of the House of Commons (Sir George Young): The business for the week commencing 12 December will be:

MONDAY 12 DECEMBER—General debate on immigration. In addition, my right hon. Friend the Prime Minister plans to make a statement on the EU Council.

TUESDAY 13 DECEMBER—Motion to approve the chairman of the Statistics Board, followed by proceedings on the Charities Bill [*Lords*], followed by motion to approve a statutory instrument relating to financial restrictions (Iran), followed by Opposition day [un-allotted day] [half-day]. There will be a debate relating to Europe. This debate will arise on a Democratic Unionist party motion.

WEDNESDAY 14 DECEMBER—Motions on Standing Orders relating to ways and means and supply, followed by motions relating to scrutiny of draft orders under the Public Bodies Bill [*Lords*], followed by Opposition day [un-allotted day] [half-day]. There will be a debate on an Opposition motion. Subject to be announced.

THURSDAY 15 DECEMBER—Motion relating to the recommendations of the Members' Expenses Committee report on the operation of the Parliamentary Standards Act 2009, followed by, motion relating to financial education. The subjects for these debates were nominated by the Backbench Business Committee.

The provisional business for the week commencing 19 December will include:

MONDAY 19 DECEMBER—General debate on apprenticeships.

TUESDAY 20 DECEMBER—Pre-recess Adjournment debate. The format will be specified by the Backbench Business Committee.

Colleagues will also wish to be reminded that the House will meet at 11.30 am on 20 December.

I should also like to inform the House that the business in Westminster Hall for 15 December 2011 will be:

THURSDAY 15 DECEMBER—Debate on Remploy.

Ms Eagle: We have all been captivated this week by the images of the arrival of two giant pandas at Edinburgh zoo. Is the Leader of the House alarmed to realise that there are now more giant pandas in Scotland than there are Conservative MPs? Before the Deputy Leader of the House gets too comfortable, let me say that, given his party's poll ratings in Scotland, it looks like its MPs are going to be joining the endangered species list north of the border as well.

In 20 years in this place, I have never known business statements to contain so little legislative substance, especially so early in a Parliament. There has been little even resembling Government legislation in this place for weeks now. Will the Leader of the House explain why the Commons is twiddling its thumbs while the Lords teeters under the weight of badly drafted, highly controversial and ill-thought-out legislation? Was this part of the plan? Before he blames the Opposition, the snow or the royal wedding, analysis shows that thousands of Government amendments and endless Liberal Democrat speeches are causing the logjam in the Lords. Why is the Government's legislative programme so out of balance and why can they not manage it better?

Talking about incompetence, on Tuesday the Government lost their first vote in the House of Commons amid chaotic scenes as panic-stricken Government Whips first dragged their MPs out of the Aye Lobby and then shoved them back in again. By the time the doors were locked, *Hansard* shows fewer than a quarter of Government MPs were actually in the Lobby with just three Cabinet Ministers for company. I have to say that neither the Leader of the House nor his Deputy were among them. Thankfully for the Leader of the House, neither was the Chief Whip.

I understand that when this defeat was announced, the cheers from the Carlton Club were even louder than those from Opposition Benches. What an ominous sign for the Prime Minister on his way to Brussels. Whether the Leader of the House likes it or not, this place has expressed a clear view by a majority of 134 that we require more time to debate this Government's failing economic policy. Will the right hon. Gentleman now honour the clearly expressed wishes of this House, by scheduling further Government time for debate on the economy in the very near future?

This week, the Deputy Prime Minister vowed to go into the next election with a plan to means-test free bus passes and TV licences for millions of pensioners. Is that what his newly appointed "brand advisers" meant when they told him to act more like Oxfam? Some 9 million pensioners now want us to have a debate on whether this is Government policy. Will the Leader of the House oblige?

On Tuesday, a former Conservative Member of this House was caught on camera boasting of his access and influence at the heart of Downing street. This follows the still unanswered questions on the Werritty affair. In Opposition, the Prime Minister said that lobbying was the

"next big scandal waiting to happen."

The Minister responsible gave a firm promise to the House that there would be a consultation document on the regulation of the lobbying industry by the end of November. Given that it is now December and next week is the last full parliamentary week before the recess, will the Leader of the House confirm that the promised consultation paper will be published next week?

Tory divisions on Europe have exploded into the open. The Prime Minister got a Euro-mauling from his own Back Benchers yesterday and the Eurosceptics are out on manoeuvres. Meanwhile, Cabinet Members are openly at war: the Work and Pensions Secretary is reportedly issuing threats over the phone; the Northern Ireland Secretary has taken to the airwaves demanding a referendum and the leader in waiting at City Hall is madly stirring the pot.

We have a Tory grass-roots rebellion, a Cabinet divided and a Prime Minister isolated. Will the Leader of the House inform us what is different from the last Tory Government that he served in?

Sir George Young: My party plans to overtake the population of pandas before the next election—*[Interruption.]* At the next election. In view of the fertility of pandas, that may not be a very high hurdle, but we do plan to do better than them.

[Sir George Young]

As for the House twiddling its thumbs, I think that the hon. Lady demeans the debates that I have announced in the forthcoming week. There is a debate on Europe. What can be more topical than that? There is the Opposition-day debate. Are they going to choose something that is of no consequence? I am amazed that she has repeated the accusation that we heard last week. The fact is we have managed the business in the House of Commons much better than the outgoing Government. We have managed to scrutinise the Government's legislative programme with adequate time. That programme is now in another place and we will deal with the Lords amendments in due course.

I am amazed that the hon. Lady raised the issue of the debate and vote on Tuesday. We provided a debate in Government time after the autumn statement. That is something that the previous Labour Government did not always do. We had the pre-Budget report, and we did not always get a debate in Government time. Having provided a debate in Government time, the Labour party then brought it to a premature conclusion by moving that it should stop before we reached 10 o'clock. It then complained that we did not have enough time to debate the motion. A number of Labour MPs who took part in the debate then solemnly went through the Division Lobbies to assert that they had done no such thing; that they had not considered the economy. At a time when we are trying to reconnect the House of Commons with the public, I wonder whether the sort of antics that the Labour party got up to on Tuesday really advanced our cause.

On benefits for pensioners, if the hon. Lady looks at the coalition agreement, she will see clear commitments on benefits to pensioners on bus passes and other issues and that remains the policy of the coalition Government.

I am amazed that the hon. Lady chose to raise the subject of lobbying. For 13 years, the Labour Government did nothing about lobbying. They ignored the recommendations of the Public Administration Select Committee, which reported in 2009. By contrast, we are actually doing something about lobbying. We will produce our consultation paper within the next few weeks, proposing a statutory register of lobbyists, which is something that the Labour Government consistently failed to do. On the question of boasting, I have to say that in the previous Parliament, there were ex-Labour Ministers who were boasting, while they were still Members of Parliament, of the influence that they had on Government.

Finally, on Europe, I gently remind the hon. Lady that when we had the vote on the referendum, her party was split as were all three parties. On the Government Benches, we are delighted that the person representing this country in Europe today and tomorrow is the Prime Minister and not the Leader of the Opposition.

Anne Soubry (Broxtowe) (Con): I do not wish to fall out with Labour Members who represent Leicester constituencies but it is a long-standing fact that the queen of the east midlands is Nottingham.

There was good news today for the city of Nottingham, and that is good news for my constituency, which forms part of Greater Nottingham. Will the Leader of the House be so good as to find time for us to discuss cities and today's good news for all the core cities?

Sir George Young: I am grateful to my hon. Friend. Having listened to the exchange just now, I know that the announcement and the enfranchisement of local government were welcomed on both sides of the House. I cannot promise an early debate on the cities and I do not want to get drawn into the question of which is the principal city in the east midlands. There will be an opportunity to discuss this matter, however, on Tuesday week, during the pre-recess Adjournment debate, or she might like to apply for a debate in Westminster Hall. Furthermore, there will be the normal debate on the revenue support grant early in the new year.

Natascha Engel (North East Derbyshire) (Lab): I apologise in advance for not being able to stay for the whole of business questions today.

I would like to offer the Leader of the House the help of the Backbench Business Committee between now and such time as the Government's legislation comes back from the House of Lords: we would be only too delighted to take responsibility for scheduling all debates on the Floor of the House between now and then. I hope that he will take us up on that generous offer. I also hope that he does not mind if I take this opportunity to make another public service announcement: hon. Members have until 6 pm on Monday to put in for the pre-recess Adjournment debate ballot.

Sir George Young: We are grateful for the public service announcement. On the hon. Lady's generous offer to replace me as Leader of the House, I gently point out to her that I have announced six days' business in the next two weeks, three of which are Opposition days or Backbench Business days. I do not think that she will find a more generous offer in the history of Parliament.

Mr Matthew Offord (Hendon) (Con): Will the Leader of the House consider having a debate on payday loans? It is an area of the financial sector that has not had that much coverage, but yesterday's report showed that one in six people cannot afford to pay off the principal that they borrow. It seems that this area of the financial sector is acting in a fashion that is little more than loan sharking, particularly given that it preys on the financially vulnerable in our constituencies.

Sir George Young: I am grateful to my hon. Friend for reminding the House of the report published yesterday. The Government are concerned about the impact of these high interest rates on the day-to-day life of those on low incomes. He might know that this issue was raised during a debate on 1 December in Westminster Hall. The Government have just commissioned research from Bristol university to find out what the consequences would be of introducing a cap on the interest rates. I hope that that will be available and published in the summer and that it will inform the debate. In the meantime, I urge people to think twice before taking on high-interest loans and to contact the free money advice service, possibly through their citizens advice bureau, or to visit their local credit union, which might be able to help on better terms.

Sir Gerald Kaufman (Manchester, Gorton) (Lab): Has the right hon. Gentleman seen early-day motion 2506, which stands in my name and those of other hon.

Members, and deals with the antisocial property speculation in my constituency of Mr R. Street of Woodhouses, Manchester and Associated British Foods, which for eight years have kept derelict a site among which large numbers of my constituents live.

[That this House expresses its disgust with Mr R. Street of Woodhouses, Manchester, landowner and Associated British Foods PLC, head lessee, whose avarice and lack of concern mean that land at the junction of Wellington Street and Cross Lane, Gorton, Manchester, remains a derelict eyesore, as it has been now for eight years, when community development is urgently required on this site; notes with anger and concern that large numbers of local residents in this heavily populated area have had to put up with this unacceptable situation for so long; calls on these greedy property-speculators to give up the land without delay so that it can be developed for community use; and further calls on the Secretary of State for Communities and Local Government and Manchester City Council to take all possible action to get these anti-social people to behave decently.]

It is a total disgrace that because of the greed and cupidity of these property speculators my constituents should have to put up with this. Will the Leader of the House refer the matter to the Secretary of State for Communities and Local Government so that these people can be told that they cannot go on like this anymore?

Sir George Young: I am grateful to the right hon. Gentleman. I have now seen early-day motion 2506, and I understand why he and his constituents feel strongly about the site. I note that at the end of the motion he calls on Manchester city council, as well as my right hon. Friend, to take all possible action, and presumably compulsory purchase order powers are available if desired. However, I shall do as he has suggested and bring the matter to the attention of my right hon. Friend.

Simon Hart (Carmarthen West and South Pembrokeshire) (Con): May we have a debate on the Freedom of Information Act? In my area, public bodies have been asked a range of questions, including on witches, werewolves, wizards, ghosts, vampires, zombies and demons. Even the star signs of local car thieves and the chief constable's lottery choices have been asked for. It is a waste of time and money, and may we review it?

Sir George Young: I understand my hon. Friend's concern. The Government announced in January that they would review the FOI legislation. We are about to submit our evidence to the Justice Committee as part of the post-legislative scrutiny, and that scrutiny will touch on the issues that he has just mentioned—the costs imposed on those who have to respond to these requests. I hope very much that the Committee, once it has received our review of the FOI Act, can take the matter forward. Of course, we will be interested in any recommendations that it might make on changes to the legislation.

Gloria De Piero (Ashfield) (Lab): May we have a debate in Government time on the national lottery provider, Camelot, with a view to securing a constituency breakdown of where tickets are purchased, not just where lottery money is spent?

Sir George Young: I understand that there will be an opportunity to ask that question of Ministers in the Department for Culture, Media and Sport on 15 December. I also understand that the hon. Lady represents her party on the Front Bench so she is well placed to ask that question. I shall convey the question to my right hon. Friend the Secretary of State and see whether we can get the information—I am pretty sure that it has been asked for before—on the relationship between the areas that buy the tickets and those that get the lottery investment. I shall do what I can to secure that information.

Philip Davies (Shipley) (Con): May we have a debate on penalties for swearing at police officers? The excellent new Metropolitan Police Commissioner, Bernard Hogan-Howe, has said that people should be properly punished for swearing at police officers, whereas the rather ridiculous Mr Justice Bean has recently quashed the conviction against somebody who swore at a police officer, saying that it was the kind of thing that they should expect. Given the widespread concern about the lack of respect in society, surely people should not be able to swear at police officers without punishment. A debate in the House could decide the will of the House.

Sir George Young: I understand my hon. Friend's concern. Having been on the police parliamentary scheme, which I am sure that many other hon. Members have been on, I understand the frustration that policemen experience when they are subject to abuse. My recollection is that it is not an offence, as such, to swear at a policeman, but that if, after someone has been warned, they carry on, they are liable to be arrested. However, I am not a lawyer and I shall get an authoritative response from the Lord Chancellor, which will be conveyed to my hon. Friend.

Mrs Anne McGuire (Stirling) (Lab): A couple of days ago, the renewables obligation banding review impact assessment was published by the Department of Energy and Climate Change. Unfortunately, in spite of meetings with officials and at ministerial level, the impact assessment has failed to address some of the issues relating to the wood and forestry industry in the United Kingdom, not least the impact on 150,000 jobs across some of the most rural parts of the UK. Given that the Leader of the House has so much time to be generous with, will he allow a debate in Government time on this important industry?

Sir George Young: I understand the right hon. Lady's concern, and I understand that the issue was raised—although perhaps not in precisely the form in which she expressed it—at DECC questions recently. I will share her concern with my right hon. Friend the Energy Secretary and see whether we can get a response on the impact assessment.

Andrew Selous (South West Bedfordshire) (Con): Many Government Members are passionate about the NHS, so may we please have a general debate on it, particularly given the recent problems at the Care Quality Commission and the variability in certain orthopaedic services?

Sir George Young: I am grateful to my hon. Friend. The Government would welcome a debate on the NHS, during which we could explain the reforms that we are

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introducing to improve it and the extra resources that we are investing. I cannot promise a debate, but at some point the Health and Social Care Bill, which is in another place, will return to this place, and then there might be an opportunity for the sort of exchange to which he refers.

Diana Johnson (Kingston upon Hull North) (Lab): Given that the Government are in disarray over their legislative programme, do we not have an opportunity to have some pre-legislative scrutiny so that we do not end up in the position we found ourselves in with the Health and Social Care Bill, when it had to be paused?

Sir George Young: I do not know whether the hon. Lady remembers the previous Parliament, but in contrast to it the legislative programme in this Parliament is a model of order. She made a serious point about more legislation being introduced in draft. We will do that. I think that we plan to introduce nine draft Bills this Session, which is double the number at the beginning of the previous Session. It is the objective of the coalition Government to have more pre-legislative scrutiny and more Bills introduced in draft. We think that that leads to a better scrutiny process in the House of Commons.

Robert Halfon (Harlow) (Con): May we have a debate on the rights of children to proper and equal access to their grandparents? In a few moments, I and a number of other MPs will join the Grandparents Association—a charity based in Harlow—to take a petition to No. 10 Downing street calling for children to be given that right in law?

Sir George Young: I applaud the work of the Grandparents Association to achieve positive outcomes for grandchildren, and I hope that my hon. Friend will get a positive response to the petition that he is about to present. In the context of what the coalition Government are doing to strengthen the family, we of course want to see what more we can do to strengthen the rights of grandparents, particularly where there is family breakdown.

Cathy Jamieson (Kilmarnock and Loudoun) (Lab/Co-op): I wonder whether the Leader of the House is aware of the growing concerns about the potential implications of changes to tax credits for couples who work only 16 hours in the week. Last week's Westminster Hall debate on the issue was well attended, and it was clear that many more Members wished to speak than could do so in the time available. Will the Leader of the House therefore consider allocating some time during Government business to consider the issue and allow the Economic Secretary to the Treasury to give fuller responses than she was able to give in that debate?

Sir George Young: I understand the hon. Lady's concern. She will know that the Welfare Reform Bill is in another place. It may be appropriate to raise such issues when the Bill returns to this House. However, I would point out that by next April the child tax credit will have risen by £390, so against a difficult background we have tried to help the sorts of families to whom she has referred.

Tessa Munt (Wells) (LD): The Leader of the House will have noticed that the number of questions submitted by MPs to the Secretary of State for Environment, Food and Rural Affairs and the Secretary of State for Transport has risen to about the equivalent of those submitted to the main Departments, which give an hour's worth of responses from Ministers, rather than three quarters of an hour. I wonder whether the Leader of the House will consider raising the time to an hour, to ensure that the farmers and everyone with transport problems in my constituency, including young people, will have a chance to hear some answers.

Sir George Young: I understand the point that my hon. Friend makes. I wonder whether she has been able to identify which Department might have less time, in order to accommodate the extra time for the Departments that she mentions.

Nick Smith (Blaenau Gwent) (Lab): Excel, a new car park operator in my constituency, has gridlocked my office with complaints. Shoppers, local traders and taxi drivers think that they have been unfairly hit by hefty penalty charges. We should consider a licensing system and an independent appeals service to improve car parking management. May we have a debate on driving up standards for car parking operators?

Sir George Young: I understand the hon. Gentleman's concern. I think that legislation banning the clamping of cars on private property has gone through the House and will come into effect next year. I hope that that is a step in the direction that he wants, but I will raise his broader concerns with my right hon. Friend the Secretary of State for Transport.

Chris Heaton-Harris (Daventry) (Con): A total of 17 babies die every day in Great Britain, with 11 stillborn and the others dying within four weeks of birth. SANDS, the campaigning charity in this area, is currently holding an exhibition at the Oxo gallery to highlight the care available for parents who suffer this tragedy. I had a Westminster Hall debate on stillbirth about six months ago, and I have been trying hard to get a debate, in Westminster Hall or otherwise, on the certification of a stillbirth, which is a Home Office matter. May we have some Government time to discuss the issue?

Sir George Young: The Government are anxious to improve the perinatal mortality rates to which my hon. Friend has referred. I hope that the investment in midwives will help to bring that figure down. I will pursue his specific question about statistics with the Home Office, if that is the right Department, and see what can be done on that front. As he will have heard, there will also be an opportunity to debate the matter further in the pre-recess Christmas Adjournment debate.

Valerie Vaz (Walsall South) (Lab): May we have an urgent statement about why the Minister of State, Department of Health, the right hon. Member for Chelmsford (Mr Burns) is privately telling the Care Quality Commission to press ahead with the takeover of the Human Fertilisation and Embryology Authority, while publicly saying that he is still consulting and considering options? Surely that is unreasonable, in a judicial review sense, and bad government.

Sir George Young: It might be unreasonable if it were true. I would like to make some inquiries, but I assume that what my right hon. Friend says in public is what is the case.

Guto Bebb (Aberconwy) (Con): Many local authorities in Wales have accepted demands from trade unions not to dock the pay of striking workers until January or February. May we have a statement to ascertain the Government's position on using taxpayers' funds to provide unions with a "strike now, pay later" option?

Sir George Young: I understand my hon. Friend's concern. So far as the Government are concerned, we have had no approach from the civil service trade unions to do what he describes, and we are not aware of a general approach from the public sector trade unions. However, I very much agree with what he has said, and if we were approached, we would say that it is not appropriate to pay people for work that they have not done at this or any other time of year.

Jim Sheridan (Paisley and Renfrewshire North) (Lab): May we have a debate on the double whammy that the music industry is imposing on small and medium-sized enterprises? Currently, both Phonographic Performance Ltd and the Performing Right Society are demanding significant amounts of money from small and medium-sized enterprises simply for playing the radio on premises that are accessible to the public. Will the Leader of the House raise the matter with the appropriate Minister, so that we can have some clarity about what powers such organisations have to demand such amounts from small and medium-sized enterprises?

Sir George Young: The Government are sympathetic. We want to deregulate, and the regime that the hon. Gentleman has described is the one that we inherited. There will be Department for Culture, Media and Sport questions in a week's time, but if this is a Department for Business, Innovation and Skills issue—which it may well be—I will raise it with my right hon. Friend the Business Secretary. The hon. Gentleman might like to be here in a week, and I will ensure that whichever Minister answers his question is well primed.

Karen Bradley (Staffordshire Moorlands) (Con): Leek further education college in my constituency has been providing excellent skills-based training to young people for over 100 years. It is now in negotiations to become part of the university of Derby, so that, for the first time ever, both further and higher education will be available to young people in Staffordshire Moorlands. Will the Leader of the House find time for a debate on how we can help all young people with educational aspiration, including those in Leek?

Sir George Young: I welcome that initiative, which is to have on one campus the two institutions to which my hon. Friend has referred. We are trying to reform vocational education to ensure that there are high-quality alternatives to academic subjects, such as the ones that she has mentioned, and to remove all the perverse incentives to push pupils into lower-level qualifications that might not improve their employment prospects. I am delighted to hear of the initiative to which she has referred.

Paul Flynn (Newport West) (Lab): A total of 179 gallant British soldiers died in Iraq as a result of a decision of this House that was based on a deception. Some 383 died in Helmand as a result of a decision that was based on the hope that not a shot would be fired. When can we debate early-day motion 2515, in order to discuss the dreadful threat of a potential war in Iran actually happening?

[That this House is alarmed that the UK is stumbling towards a war in Iran that would have dreadful, unforeseeable consequences; recalls that in the past the momentum of preparations for war has frequently led to major wars; and urges the Government to seek to reduce tension, pursue conflict resolution and cease war preparations.]

The current war of words might become a war of weapons.

Sir George Young: I understand the hon. Gentleman's concern about those who lost their lives in conflict. We had a debate in Government time relatively recently on a range of countries that included Iran—I am not sure whether he was able to take part in that debate—so I cannot promise another early debate on the middle east and related areas. As I said earlier in response to another question, he may want to put in for the pre-Christmas recess Adjournment debate or apply for a debate in Westminster Hall.

Harriett Baldwin (West Worcestershire) (Con): May we have a debate in Government time about the state pension? In addition to the record cash increase announced this week, which I know pensioners have welcomed, the Government are proposing two other alternatives in their White Paper for reform of the state pension age, as the state pension is the foundation of the retirement income of 100% of our constituents.

Sir George Young: I would welcome such a debate. In the debate on Tuesday, a number of my hon. Friends drew the House's attention to the generous pension increase next spring and reminded the House of the triple guarantee that we have introduced. My hon. Friend also trails the next development in pension policy, which I think will be warmly welcomed by pensioners in this country. My right hon. Friend the Secretary of State for Work and Pensions is taking that policy forward.

Jonathan Ashworth (Leicester South) (Lab): I could never fall out with the hon. Member for Broxtowe (Anna Soubry), even if she will not accept that Leicester is the superior city. May I ask the Leader of the House about the scheduling of economic debates? He knows, of course, that the Government lost a vote. When we have a Budget, we have four or five days of debate immediately afterwards, as well as on the day of the statement. May we have a similar arrangement for autumn statements, so that we have debate on the day and perhaps for the following one or two days?

Sir George Young: I do not know whether the hon. Gentleman has had time to read the recommendations of the Wright committee, but we have done exactly what it recommended—namely, to provide in Government time a debate after the autumn statement. I drew to the attention of the shadow Leader of the House the fact

[Sir George Young]

that that was not a practice that had been adopted by a previous Government when we had a debate on the pre-Budget report only in response to a Standing Order request from my right hon. Friend the Member for Tatton (Mr Osborne), now the Chancellor of the Exchequer.

Glyn Davies (Montgomeryshire) (Con): Yesterday an important report on atrial fibrillation was published. AF is a condition that, through lack of awareness, leads to a huge number of deaths and disability as a result of the much increased risk of strokes. Will the Leader of the House ensure that we have an opportunity to raise awareness of atrial fibrillation by having a debate on the Floor of the House?

Sir George Young: The Government are anxious to improve the diagnosis, detection and treatment of atrial fibrillation. Some work is going on at the moment to identify those at risk so that they can be helped at an earlier stage. We work closely with the Atrial Fibrillation Association and the Stroke Association on this issue. I will draw to the attention of the Secretary of State for Health my hon. Friend's interest in this subject.

Christopher Pincher (Tamworth) (Con): Despite improvements, many 11-year-olds in Tamworth go into secondary school with a reading age of eight, which severely limits their learning opportunities. May we have a debate on innovations in education, particularly on vertical integration between primary and secondary schools, which is being examined in Tamworth and can help to identify the problems and encourage the aspirations of many young people?

Sir George Young: I am interested in what my hon. Friend says, and I assume his local education authority would be the appropriate body to approach about merging those two types of schools. I hope that my hon. Friend will take comfort from what we are doing with the academies programme, driving up standards and putting parents and teachers in power, and what we are doing with free schools, which I hope will improve the education of those children to whom he referred, who are leaving school without the qualifications they need.

Alun Cairns (Vale of Glamorgan) (Con): The Government are investing heavily in improving broadband capacity, which can bring about some great innovations such as home working and flexible working that can enhance the work-life balance. May we have a debate on such issues to encourage as many private sector employers as possible, following on from Government initiatives, to enhance the work-life balance?

Sir George Young: I am grateful to my hon. Friend. The roll-out of broadband is a priority for this Government, and I know that BT is doing a lot of work in this area. I will share with my right hon. Friend the Secretary of State the particular point that my hon. Friend has made and will ask him to write to him.

Julian Smith (Skipton and Ripon) (Con): Local and regional newspapers are gutted that they cannot get accreditation for the Olympics. May we have a debate about how we open up the vast media centre at the Olympic site to newspapers from across our country?

Sir George Young: I understand my hon. Friend's concern. There will be an opportunity to raise that issue at Culture, Media and Sport questions in a week's time, and I will forewarn my right hon. Friend the Secretary of State that my hon. Friend is on the warpath on this issue.

Martin Vickers (Cleethorpes) (Con): Just as religious fundamentalism can be damaging to social cohesion, so can anti-religious fundamentalism as exhibited by the National Secular Society in its attempt to stop prayers before council meetings. Will the Leader of the House find time for a Government statement to ensure that councils remain free to have prayers where they so wish?

Sir George Young: I strongly believe in local democracy, and I think that the decision to which my hon. Friend refers—on how to conduct council meetings and whether there should be a prayer before them—is very much one that should be taken by local councils. I hope that they will follow the example of this House, which has a short moment of prayer before we re-engage in normal hostilities.

Opposition Day

[Un-allotted Half Day]

Public Sector Pensions

Mr Speaker: I inform the House that I have not selected the amendment in the name of the Leader of the Opposition.

1.4 pm

Hywel Williams (Arfon) (PC): I beg to move,

That this House recognises and appreciates the valuable work done by public sector workers; believes that they should receive pensions which are affordable, sustainable and fair; further believes that the changes announced since June 2010 by the Government are primarily for the purposes of deficit reduction rather than a move to secure the long-term sustainability of public sector pensions; notes that these changes are unfair on public sector workers who will have to work longer, pay more and receive less in their pension when they retire; further notes the findings of the National Audit Office that the 2007-08 pensions re-negotiation changes will generate estimated savings of 14 per cent. by 2059-60 and the conclusions of the House of Commons Committee of Public Accounts' Thirty-eighth Report of this Session on the Impact of the 2007-08 changes to public sector pensions (HC 833), that the cost of public service pensions has reduced substantially because of these changes; agrees with criticism in both reports of the failure to develop a long-term strategy for the role of pensions in recruitment and retention to the public sector; condemns the Government's threat to cut devolved administrations' budgets if they do not implement the Government's immediate levy on pensions contributions; and calls on the Government to reverse its unfair changes to public sector pensions.

The motion stands in the names of my right hon. and hon. Friends from the Scottish National party and Plaid Cymru, and of Members from the Labour party and, I understand, from the Social Democratic and Labour party.

Last week, a day of action saw more than 2 million people across the UK join in protests against changes that will make those affected—mainly women—work longer, pay more and receive less when they retire. This year alone, bankers walked away with £7 billion in bonuses. As one constituent said to me last week:

"This is just a way of getting extra cash from public workers. And it is just not fair."

We are proud to hold this debate on behalf of all those people across the UK who are directly or indirectly affected by the Government's changes, and we note that despite having 36 Opposition day debates since the changes were announced in June 2010, the official Opposition have not seen fit to devote even one of those opportunities to debate the public sector pensions proposals. Whatever the evasions, the nods and the winks, and the ducking and diving of others, we are glad of the opportunity to show clearly where we stand.

The Parliamentary Under-Secretary of State for Scotland (David Mundell): This is characterised as a joint debate between Plaid Cymru and the Scottish National party, yet last week we saw SNP Members of the Scottish Parliament cross the picket lines to ensure that the Scottish Parliament functioned, while Plaid Cymru Members of the Welsh Assembly refused to cross picket lines and the Welsh Assembly did not function. Where is the coherent position in that?

Hywel Williams: It has clearly escaped the right hon. Gentleman's attention that the SNP are in government in Scotland, while in Wales—alas—we are not.

David Mundell: I am afraid that I do not find that a tenable explanation. All SNP Members of the Scottish Parliament are not in the Government, although they may act like it. Those people crossed the picket lines and spoke in a debate on this very subject.

Hywel Williams: Honestly, I think we need to move on to the subject of the debate. I am sure that the right hon. Gentleman will have time later to make those and other fatuous points.

Alun Cairns (Vale of Glamorgan) (Con): I would like to take the hon. Gentleman back to what he said a few moments ago and remind him that when Plaid Cymru was part of the coalition in the Welsh Assembly Government, its members refused to cross the picket lines at that time, too.

Hywel Williams: Well, honestly, I am sure that you would not want me to be diverted down this particular route, Madam Deputy Speaker.

Madam Deputy Speaker (Dawn Primarolo): Much as this topic might interest some Members, I think the hon. Gentleman should return to the subject of this afternoon's debate.

Hywel Williams: Thank you, Madam Deputy Speaker.

To summarise our motion, we appreciate the valuable work done by public sector workers and believe that they should receive pensions that are affordable, sustainable and fair. I think that we can have agreement across the House on that. We believe that the Government's changes are primarily for the purposes of deficit reduction—I do not think we are going to have agreement on that—rather than to secure the long-term sustainability of public sector pensions. These changes are, to our minds, unfair on public sector workers.

We also note that the findings of the National Audit Office for the 2007-08 period show that pensions re-negotiated at that time will generate estimated savings of 14% by 2059-60. The conclusions of the 38th report of the Public Accounts Committee reveal that the cost of public service pensions has reduced substantially because of those changes. We agree with the criticism in both reports of the failure to develop a long-term strategy for the role of pensions in recruitment and retention in the public sector, and we condemn the Government's threat to cut the devolved Administrations' budgets if they do not implement the Government's immediate levy.

Mr Elfyn Llwyd (Dwyfor Meirionnydd) (PC): I am following my hon. Friend's argument closely and I agree entirely with what he says. Does he agree that there is a link between this drive to the bottom on public sector pay and the Chancellor's view that we should be looking at regional pay? This flexibility is all about a drive to the bottom, and it is unacceptable out there; people will not have it.

Hywel Williams: My right hon. Friend makes an excellent point, to which I shall return later. The Prime Minister's numerous assurances that he is not in favour of driving down public sector pensions, and that it is not a race to the bottom as far as he is concerned, are strange in view of the actions of his Government.

Finally, our motion calls explicitly on the Government

"to reverse its unfair changes to public sector pensions."

Let me make it clear from the outset that no one I have spoken to wanted to go on strike. Everyone wants a reasonable settlement. My nationalist party colleagues and I hope that the talks between the unions and the Government will continue, and will reach a successful conclusion in the terms that I have outlined. We understand that the unions have accepted the continued need for negotiation and further change. Perhaps the Minister who winds up the debate will tell us when the two sides met most recently in the last month, who was involved—there have been questions about who was speaking for whom—and when they intend to meet again.

Julian Smith (Skipton and Ripon) (Con): As the hon. Gentleman develops his argument, will he be comparing the positions of employees in the public sector with those in the private sector, who for many years have been having to increase their contributions in order to receive decent pensions?

Hywel Williams: Government Members have deployed such arguments time and again, which is strange given that in other contexts, such as that of education, they always deny that they are lowering standards. It is not about levelling down, they say, but about levelling up—yet when it suits them, it is the other way around. The hon. Gentleman clearly was not listening when I made that point earlier.

Stewart Hosie (Dundee East) (SNP): The hon. Member for Skipton and Ripon (Julian Smith) has advanced a spurious argument. There are some very good private sector schemes and some very good public sector schemes. Some private sector schemes have gone bust, and some public sector schemes require an in-year top-up. This is not about "private good, public bad", or the other way around. It is about having good schemes, full stop. It is about fairness, and about not levelling down in either the private or the public sector.

Hywel Williams: My hon. Friend has made a good point. If Government Members are concerned about the private sector, they should be concerned about the large number of people who have no pensions at all. That is what concerns me, and concerns my colleagues.

Mr Mike Weir (Angus) (SNP): Certain members of the Government are suggesting, as one of their "public against private" arguments, that public sector schemes are gold-plated. In fact, the average public sector pension is about £5,000 a year, and local government pensions can be as low as £3,000 a year, or £80 a week.

Hywel Williams: My hon. Friend has anticipated a point that I was going to make, which will doubtless be made again by other nationalist party members. Anyone reading the popular press would imagine that public sector workers were driving around in this year's model of car and enjoying two or three foreign holidays a year, but that is not, of course, the case.

We say "Let us have negotiations", but is the 3.2% imposition itself negotiable? What the Government have announced today will merely shift the burden from one group of workers to another. They are trying to squeeze out some sort of deal, but we utterly reject that way of going about things.

David Mundell: I think it important for the hon. Gentleman to clarify whom he means by "we". The Scottish National party is in government in Scotland, and a number of choices are available to it. For instance, there are funds that it could allocate to reduce pension contributions, but it has chosen not to do so.

Hywel Williams: Again, I do not want to go down that particular avenue—*[Interruption.]* I have some things to say that the Minister might like to listen to. My hon. Friends will be responding to his point later, but let me say now that the possibilities to which he alludes constitute a broad spectrum of theoretical options for consideration, and that the Scottish Government have expressed no preference. I am sure that others will say more about that later.

Stewart Hosie: The Minister said that a number of choices were available to the Scottish Government. As he will know, the choices are rather limited by the UK Government's threat to withdraw £8 million a month—£100 million a year—from the Scottish budget if we do not stick to their timetable. I am sure he agrees that that rather limits the choice of manoeuvre for a Government who do not want to go down that path.

Hywel Williams: I am sure that the £100 million cut that the UK Government are dangling before them is proving very persuasive for the Scottish Government, given the difficult position that they are in. I am sure that more will be said later about that as well.

Mr Alan Reid (Argyll and Bute) (LD): Because of the council tax freeze in England, the Barnett consequentials provided an extra £66 million for the Scottish Government, and they received hundreds of millions extra as a result of the autumn statement. Does the hon. Gentleman not agree that the Scottish Government can choose whether or not to use that money to prevent an increase in pension contributions?

Hywel Williams: The hon. Gentleman is a keen student of Scottish affairs, and possibly of Welsh affairs as well. He will know that the block grant has been falling, and that the choices available are limited.

Mr Brian H. Donohoe (Central Ayrshire) (Lab): Does the hon. Gentleman not accept that the Labour-run Scottish Executive also had to make choices? When they undertook to introduce free travel for the elderly, they had to do so on the basis of the block grant, and the SNP would have to take a similar hit if they did what the motion suggests.

Stewart Hosie: The budget was going up at that time.

Hywel Williams: As my Scottish colleague says, the budget was going up then.

Mr Weir: Does my hon. Friend agree that what was said by the hon. Member for Argyll and Bute (Mr Reid) was completely wrong? The Chief Secretary to the Treasury has specifically said that if the Scottish Government do not implement the UK Government's proposals, their budget will be cut. Barnett consequentials emanating from elsewhere are irrelevant, and besides, the Liberals in Scotland have already called for the money to be spent on numerous things.

Hywel Williams: My hon. Friend has put it much better than I could have done. It is not surprising that the Liberals are, as usual, trying to spend other people's money.

Mr Reid: Will the hon. Gentleman give way?

Hywel Williams: No, I must try to make some progress. No doubt the hon. Gentleman will have an opportunity to speak later.

Whatever the Government say, the 3.2% is seen by workers and by the general population as an additional and carefully targeted tax, aimed largely at those who have the least means to pay. As for the negotiations, they must be based on proper evidence rather than on the cases that the Prime Minister quoted selectively during last week's Question Time, which were so effectively debunked in Radio 4's "'More or Less" programme and in Channel 4's "FactCheck".

Jonathan Edwards (Carmarthen East and Dinefwr) (PC): I congratulate my hon. Friend on the excellent speech that he is making. Is he aware of a study by the Fire Brigades Union, which found that 27% of its members were likely, or very likely, to leave their pension schemes if employee contributions were raised? What effect does he think that would have on the sustainability of schemes if it were translated across the public sector?

Hywel Williams: There is clearly a danger that some schemes will become unviable, which would mean that in the longer term those who no longer had pension schemes would become even more dependent on the state. I am sure that Government Members would not want that to happen.

Guto Bebb (Aberconwy) (Con): I am sure I heard the hon. Gentleman say that the 3% increase in pension contributions would target those least able to pay. I believe that the average public sector wage in Wales is about £26,400, compared with £21,700 in the private sector. Furthermore, do not the Government's proposals protect those earning less than £15,000 a year?

Hywel Williams: That argument fails to take several factors into account, such as the 710,000 people who will lose their jobs and the 1% pay freeze that looms before us at a time when inflation is eating into the real value of wages.

Our constituents have gone on strike with the greatest reluctance. They are not the wild-eyed extremists so beloved of those on the Government Benches. Members of the National Association of Head Teachers—scarcely a hotbed of left-wing insurrection—went on strike last week for the first time in 140 years. Anna Brychan, director of the NAHT in Wales, summarised the arguments advanced by many public service workers who felt that they had no choice but to go on strike. I shall paraphrase what she said, because it was very lengthy. She said that the NAHT was not persuaded by the unsustainable and unaffordable argument. The pension changes in 2007-08, according to the figures from the National Audit Office, showed savings of 14%, but no re-evaluation has been made since the previous apparently permanent settlement. May I draw the attention of the House to my early-day motion 2198, which makes that point?

Guto Bebb: Will the hon. Gentleman give way?

Hywel Williams: I must press on, as I have rather a lot to say. Time is pressing, and it is a short debate. Of course, the hon. Gentleman can make his own speech, unless he has to leave the Chamber, but I give way.

Guto Bebb: Was not the individual whom the hon. Gentleman has just mentioned—Anna Brychan—once a member of Plaid Cymru who worked for the party in Cardiff?

Hywel Williams: So did the hon. Gentleman, before he jumped. I know him very well. He is a very nice man and is trying hard to be a nasty curmudgeon, but he is failing entirely.

Jacob Rees-Mogg (North East Somerset) (Con): Does that not prove the general point that there is more rejoicing in heaven over one sinner who repenteth than over the 99 who remain unrepentant?

Hywel Williams: It depends on whether they are going up or down.

Returning to the comments made by the NAHT, I refer to the written question tabled by my hon. Friend the Member for Carmarthen East and Dinefwr (Jonathan Edwards) on 21 November. In his response, the Minister of State, Department for Education, the hon. Member for Bognor Regis and Littlehampton (Mr Gibb), said:

> "The latest valuation of the teachers' pension scheme was published in November 2006. This was the actuarial review of the scheme as at 31 March 2004."—[*Official Report*, 21 November 2011; Vol. 536, c. 87W.]

In other words, there has been no formal published valuation since the 2007 changes were introduced, so how can the Government claim that the scheme is unaffordable?

The NAHT also says that contribution increases are all about plugging the deficit, not about making pensions affordable. Teachers are already doing their bit: they have a pay freeze, and below-inflation pay increases to look forward to. In respect of the higher pension age, they recognise the implications of the population living longer, as we all do. That must be debated, but we need to be sensible. Teaching, the NAHT says, is physically and emotionally demanding, and expecting people to do it at 68 is "an ask too far". That is also the view of other unions that I have consulted. Shane Price, my local Fire Brigades Union representative, asked me:

> "Would you want, or expect, to be carried out, coughing and spluttering from a blazing building by a 68 year old fireman?"

Clearly not. In any event, says the NAHT, the changes will distort the age profile of the profession. There is a need to ensure a throughput of young people, and that

[Hywel Williams]

will be jeopardised. Younger teachers will be affected most by the proposed pension scheme, and they may opt out altogether, as we have discussed.

The NAHT says that this is an attack on education. It wants to attract the brightest and the best—that is what pupils deserve—and while the salaries are not great given the demands of the job, the professional rewards are enormous. We cannot afford for people to discount those professional rewards because their conditions of service are dramatically reduced. These are serious, responsible points. They are made, it is true, by people who are looking after their own interest, but uppermost in their mind is the future of our children, the future of education and of the teaching profession in general.

Jim Sheridan (Paisley and Renfrewshire North) (Lab): I thank the hon. Gentleman for giving way—he has been extremely generous in accepting interventions. Having read the motion, I agree with almost all of it, particularly the part in which he identifies who is responsible for the attack on public sector pension schemes. May I therefore assume that he will continue his criticism of the enemy within—the coalition Government—and not be tempted to criticise anyone else?

Hywel Williams: The bulk of my speech, as one would expect, is about the Government's proposals, but the hon. Gentleman will have to wait and see.

Lleu Williams from University and College Union Wales told me:

> "We are pleased that MPs will debate public sector pensions a week after tens of thousands of people in Wales took industrial action to show how angry they are...The action last week, alongside the debate on public sector pensions, is testament to the strength of feeling on these issues"

in Wales. He continued:

> "We hope today's debate sends a clear message from the people of Wales to Westminster that we will not go quietly into the night over these proposed changes."

I have heard from the other side that union members did not support the strike—they have deserted the cause, as it were. UCU general secretary, Sally Hunt, confirms that it saw record recruitment levels both before and after the strike. That gives the lie to that one. Finally, the National Union of Teachers welcomes today's debate and says that rather than creating an unnecessary and damaging divide between the public and private sectors, Ministers would do well to focus their attention on securing fair pensions for all if future Governments are to avoid pensioner poverty on an unaffordable scale, which is the point that I made earlier regarding future dependence on state benefits.

I shall refer briefly to that bunch of hard, crazed revolutionaries, the British Medical Association, which strongly opposes the plans set out by the Government to reform the NHS pension scheme, including increased contributions from doctors; raising the standard pensionable age for staff; and devaluing many pension settlements. It queries whether the NHS pension scheme is in need of reform, given that it underwent a major overhaul only three years ago. It says that the scheme is in very good financial health, and generates a surplus for the Treasury. Indeed, over the seven years from 2009-10 to 2014-15, the NHS pension scheme is expected to provide a surplus of £10.7 billion for the Treasury.

The BMA is engaged with the Governments in Westminster and in the devolved nations on the proposed reforms to pensions, but it has not ruled out balloting members on industrial action over the matter. It is thinking of moving towards action, and its decision will be informed by a ballot at the beginning of the year. That is just a sample of the views and arguments that we have heard—there are plenty more.

One of my constituents, a small business person—such people are often cited by the Government as those who would suffer as a result of the strike—said to me on the day of the strike:

"They"—

the Government here in London—

> "think that people like me don't support the strike. They're wrong. A lot of my business comes from county council workers. How will I keep going if they don't have the money to spend?"

That shows the interaction and co-dependence of the public and private sectors in areas such as mine.

Alun Cairns: If that argument is to be sustained, is it not logical that the way to resolve the economic problem is simply to make the public sector as big as possible, and the private sector can then profit?

Hywel Williams: I am surprised to hear the hon. Gentleman arguing for that. I thought he took the contrary view, but perhaps my sense of irony is underdeveloped.

The Office for Budget Responsibility estimated in March 2011 that 400,000 people in the public sector would lose their jobs. In its response to the autumn statement, that rose by nearly 80% to a disastrous 710,000. One further, crucial reason as to why we in Plaid Cymru and the Scottish National party have called this debate is that public sector jobs are disproportionately important to countries and regions outside London and the south-east. Paying an extra 3% out of their wages is bad for individuals wherever they live, and I have particular sympathy for those in inner-city areas with high costs such as public service workers in central London. Looking across the UK, the 3% imposition and the job losses will have a particularly strong impact on Scotland, Wales and the north of England, especially as the private sector is generally weaker in those areas.

That will be even more the case if the Government follow Labour's lead in 2008 and introduce regional rates of pay, as my hon. Friends have said. The figures on the size of the public sector are clear, sad and revealing. Briefly, in Scotland the public sector accounts for 28.6% of jobs; in the east the figure is 23.7%; in the north-east it is 29.4%; in the south- east it is 22.8%; in Wales, unfortunately the figure is highest at 31.2%; and in London it is 22%. There is a clear north-south divide. The people we represent will be hit particularly hard, as will our local economies because of the grotesquely distorted, south-east-weighted economic development of the UK and the obsession with the City of London.

This morning I received an e-mail from Mr Mark Rowe, a PCS member from the Devon area. I do not know Mr Rowe; I have never met him, and I do not know what his politics are, but he said this in his e-mail:

"Dear Mr Williams, Thank you for supporting hard working public servants in their struggle over pensions. It is good to know that someone is. We had a huge rally through Torquay on the 30th, hardly a 'damp squib'"—

as it was described by the Government. He added that there had been "much public support" and asked why Labour are not "fighting our corner". Public sector pensions have not been the subject of a single full Opposition day debate in the House for the past 18 months, despite the fact that Labour has had 36 Opposition day debates since the public sector pension changes were first introduced in 2010.

Pete Wishart (Perth and North Perthshire) (SNP): Is the situation not worse than that? Not only has Labour never bothered debating this subject in the House of Commons despite having had so many opportunities to do so, but the Leader of the Opposition described these strikes as wrong.

Hywel Williams *rose—*

Madam Deputy Speaker (Dawn Primarolo): Order. I will be grateful if the hon. Gentleman returns to the topic of his motion, which is the Government's plans on pensions.

Hywel Williams: I will obey your injunction, Madam Deputy Speaker.

As I have said, I have had a great deal of correspondence with the unions, and I have given their point of view, which concurs with ours. We are happy to fight the workers' corner in this dispute. We are happy to press for a proper pensions settlement, which is why we will press our motion to a Division.

1.31 pm

The Parliamentary Under-Secretary of State for Scotland (David Mundell): The weather in Scotland today is very stormy, and our thoughts are with those who are having to endure the consequences of that. I do not know whether this debate will be equally stormy.

Sheila Gilmore (Edinburgh East) (Lab): I hope the Minister will not think just about the people enduring travel disruptions, but will realise that the majority of those who will be working hard to resolve any problems that arise will be public sector workers.

David Mundell: I do realise that—and that may be the only point on which I agree with the hon. Lady.

I thank the hon. Member for Arfon (Hywel Williams) for opening the debate. He spoke for about 20 minutes, and in that time he at least said exactly the same about Scottish National party policy on this issue as was revealed in a two-and-a-half-hour debate in the Scottish Parliament last week, which was precisely nothing. I will return to that subject.

As the hon. Member for Edinburgh East (Sheila Gilmore) has already mentioned, no Member would disagree with the following sentiments in the motion:

"That this House recognises and appreciates the valuable work done by public sector workers"

and

"believes that they should receive pensions which are affordable, sustainable and fair".

Indeed, those sentiments form the foundations of our reform of public service pensions. Our objective is to put in place new schemes that are affordable, sustainable and fair both to taxpayers and public service workers. Let us be clear: public service pension reform is needed. The costs have increased by a third in the last 10 years, to £32 billion, and the Office for Budget Responsibility forecasts that, without reform, spending on pensions will rise by almost £7 billion over the next five years.

Understandably, this is a contentious issue, but fairness remains the cornerstone of our approach. We believe that public service workers deserve a good pension in retirement, as a fair reward for a lifetime spent serving the public. We recognise the vital contributions made by teachers, nurses, council employees and civil servants to the well-being of our society now and in the future.

That is why in June 2010 my right hon. Friend the Chancellor commissioned Lord Hutton, a Work and Pensions Secretary in the previous Government, to take an unbiased and clear-headed look at public service pensions and make proposals for reform. His landmark report has set the parameters of the debate, and it has been rightly lauded for its depth and vision.

Lord Hutton set out an overwhelming case for reform. He said that

"the status quo is not tenable",

that

"future costs are inherently uncertain",

and that at present the public

"cannot be sure that schemes will remain sustainable in the future."

In his interim report, he found that there was a clear justification, based on the past cost increases borne by the taxpayer, to increase contributions in the short term to ensure a fairer distribution of costs between taxpayers and members. We accepted that recommendation, and increases in member contributions will take place, starting next year. However, next year's increase merely reflects the increase already planned by the previous Government. We remain committed to securing in full the overall savings of £2.3 billion in 2013-14 and £2.8 billion in 2014-15 that we announced at the 2010 spending review.

In his final report, Lord Hutton produced a blueprint for a new landscape of public service pensions. It is based on retaining defined-benefit schemes but moving to a fairer career-average basis, and increasing the retirement age in line with the state pension age to protect the taxpayer against future increases in life expectancy.

Jim McGovern (Dundee West) (Lab): Presumably the Minister is talking about UK public sector pension schemes, whereas the motion seems to be specifically about devolved pension schemes. Does he agree that if there is a solution, it will be that the separatists in Edinburgh just say, "We won't apply any changes"? Does he also agree that their excuse of continually saying, "The big bad boy in London did it" and then running away is wearing thin?

David Mundell: On that point, I can agree with the hon. Gentleman. The Scottish Government have considerable flexibility to make their own choices, but they have chosen not to do so.

Mr Weir: Will the Minister confirm that the Chief Secretary specifically said that if the Scottish Government did not accept these changes, he would fine them £8 million per month, which amounts to £100 million a year and half a billion pounds over the spending period? How are the Scottish Government supposed, effectively, to pay for this twice, and thereby pay £1 billion?

David Mundell: What I can make clear to the House is that as a result of last week's autumn statement the Scottish Government will receive approximately £69 million extra in resource departmental expenditure limit funds, that as a result of the Budget they received an extra £112 million, and that between the Budget and the autumn statement they received an extra £90 million, which they had not budgeted for.

Mr Weir: However, will the Minister please explain what difference that makes, as we are still going to lose half a billion pounds over this spending period? There is still going to be a massive cut if the Scottish Government do not follow what this Government are imposing upon them.

David Mundell: The difference it makes is that the SNP will have the option to back up its words with deeds, but instead it fails to do so. Its argument is entirely based on blaming the Westminster Government. It has funds available to make these choices, yet it prefers to deceive public service workers in Scotland by suggesting that everything is entirely at the behest of the Westminster Government.

Mr Weir: Will the Minister therefore go to the Chief Secretary and say, "Take away this threat and allow the Scottish Government to do what they want to do for Scottish public sector workers"? Is the Minister happy that there will be this cut of half a billion pounds over the spending period?

David Mundell: I know the hon. Gentleman does not want Scotland to remain in the United Kingdom—that is his policy—but he and his Government have the ability to make this choice, as the hon. Member for Dundee West (Jim McGovern) set out, yet they have chosen not to do so.

Katy Clark (North Ayrshire and Arran) (Lab): We should look at what the SNP has actually done in this respect. It has responsibility for the Scottish Public Pensions Agency, whose submissions to the Hutton review were far worse than what the coalition Government propose.

David Mundell: I will not presume that the hon. Lady was complimenting the Government, but she is correct in that all four of the suggestions the Scottish Government made to the Hutton inquiry would certainly leave Scottish public sector workers no better off than under the UK Government proposals, and a number of those suggestions would leave them distinctly worse off.

Pete Wishart: As an Under-Secretary, the Minister surely recognises the difference between a Government agency and a Government spokesperson.

David Mundell: I recognise the full ambit of the First Minister's many responsibilities and I do not believe that such a submission would have been made without consultation with the Scottish Government.

Ian Murray (Edinburgh South) (Lab): I think we are getting to the crux of some of the issues. I would never agree with what the coalition Government are doing to public sector pensions in Scotland, but the Scottish National party did put in a report to the Hutton review that was far more draconian than what the Government are proposing. The SNP may be trying to say to the House that this was done by an agency, but why did the Scottish Government not contribute a proposal to the review?

David Mundell: The hon. Gentleman makes a valid point. It reinforces what all of us who are aware of day-to-day Scottish politics know, which is that the SNP Government in Scotland speak with one word but their deeds are quite different.

I return to what I was discussing before the interventions. The Government accepted Lord Hutton's recommendations in full and can reassure the House that the reformed public—

Cathy Jamieson (Kilmarnock and Loudoun) (Lab/Co-op): The Minister has made much of Hutton's report and fairness, but does he not agree it seems odd that the Government jumped the gun by announcing the 3% increase before Hutton's final report? How does that demonstrate fairness?

David Mundell: I know that the hon. Lady was not in the House at the time, but the 3% figure is broadly equivalent to the sum that her Government had identified in the pre-Budget report in 2009.

Sandra Osborne (Ayr, Carrick and Cumnock) (Lab) *rose—*

David Mundell: I will give way in a moment, but I want to make some progress.

The Government continue to engage actively with the trade unions to agree what the new pension schemes will look like. Discussions began in February and the Government remain fully committed to meaningful engagement. Scheme-level discussions are continuing with the trade unions, with meetings yesterday, today and tomorrow, which deals with a question asked by the hon. Member for Arfon. Significant progress has been achieved and the trade unions have welcomed many of the commitments that we made at the start of this process, including the one that public sector schemes will remain defined-benefit schemes, with a guaranteed amount provided in retirement. That, of course, was one of the options not put forward by the Scottish Public Pensions Agency.

Several hon. Members *rose—*

David Mundell: I am going to take an intervention from the hon. Member for Ayr, Carrick and Cumnock (Sandra Osborne) once I have completed this section of my speech.

The unions also welcomed the commitment that all accrued rights will be protected. Everything that public servants have earned until the point of change they will keep, and it will be paid out in the terms expected, at the retirement age expected. Final salary means just that: that someone's accrued rights will be based on their final salary, not at the point of change but whenever their career ends or they choose to leave the scheme. No public service worker need worry about the entitlements they have already built up.

Sandra Osborne: The Minister talks about public sector reform, so why is the 3% rise going straight to the Treasury? That has nothing to do with the sustainability of public sector pensions.

David Mundell: As the hon. Lady knows, the Treasury underwrites the scheme. The Treasury requires to be paid out whatever is required to be paid out in relation to the scheme. The scheme does not operate on a basis of contributions and pay-outs, because the Treasury is underwriting the scheme so that everybody is paid in full as is their entitlement.

Mr Donohoe *rose—*

Hywel Williams *rose—*

David Mundell: May I just make a little progress and then give way again? I think I have been generous with my time.

Our reforms are not retrospective, nor do they seek to correct the past failure of the Labour party; they are driven by the need for fair, affordable and sustainable pensions in the future. We have reached agreement with the unions on the importance of transparency, equality impacts, participation rates and opt-outs, scheme governance and high-level principles to inform consultations on scheme-level pensions.

Susan Elan Jones (Clwyd South) (Lab) *rose—*

David Mundell: I will give way in a moment.

We have set out our proposals. When we make our reforms, the taxpayer needs to be properly protected from the future risks arising from increases in life expectancy by the link between the scheme normal pension age and the state pension age. On 2 November, after months of negotiations with the trade unions, the Government set out a revised offer that was more generous by 8%.

The offer is generous. Most staff on low and middle incomes will retire on a pension that is as good as what they expect today, and for many it will be better. Lord Hutton has said that it is difficult "to imagine" a more generous offer. The offer includes generous transitional arrangements for those closest to retirement; those closest to retirement should not have to face any change at all. This approach mirrors the steps taken in relation to increases in the state pension age, and it is fair that the same applies here. Anyone 10 years or less from retirement age on 1 April 2012 can be assured that there will be no detriment to their retirement income. However, this enhanced offer is conditional upon reaching agreement. It is an offer that can inform the scheme-by-scheme talks which will continue until the end of the year. Of course, if agreement cannot be reached, the Government may be required to revisit our proposals and consider whether those enhancements remain appropriate.

Hywel Williams: Some time ago, the Minister referred to a meeting held yesterday, but will he clarify who was involved? Was a Minister involved in the discussions?

David Mundell: My right hon. Friend the Minister for the Cabinet Office and Paymaster General and my right hon. Friend the Chief Secretary to the Treasury have made it clear that the meetings are ongoing on a regular basis in respect of the specific schemes. I am sure that I will be able to give the hon. Gentleman the information he requires.

Our objective remains to agree reforms of the main schemes—those for teachers, health and the NHS, the civil service and firefighters—by the end of the year, and my right hon. Friend the Chief Secretary will update the House in due course. The Government's preferred scheme would produce better pensions for those on low and middle incomes who have devoted a lifetime to public service. At the same time, public service pensions will remain considerably better than those available in the private sector, as my hon. Friends have suggested. A primary school teacher earning £32,000 per year could receive a pension of £20,000 under our proposals. To earn the equivalent pension in the private sector, an employee would have to pay in more than one third of their salary.

Bob Stewart (Beckenham) (Con): Several of my constituents who work in the private sector have told me that they totally agree that public sector workers should get sustainable, affordable and fair pensions, but they are concerned that for them to have a similar pension they would have to increase their contributions by a factor of three or four. They do not think that that is fair in the current circumstances.

David Mundell: My hon. Friend makes a good point and I empathise with it as the MP for a constituency that has some of the lowest private sector wages in the UK.

Only 10% of private sector workers have access to the type of scheme that I was describing, which is at a guaranteed level and is inflation proofed, while only one third of private sector employees currently get any contributions from their employers.

Jonathan Edwards: I come back to the issue of the divide-and-rule strategy of playing the public sector off against the private sector. Is the Minister aware that the average pension of a retiring teacher is £9,000 per annum, and that the figures for NHS workers, for civil servants and for members of the armed forces are £7,000 per annum, £6,000 per annum and £7,500 per annum respectively? Do those figures seem unfair to him?

David Mundell: It is a question not of playing the public sector off against the private sector but of setting out a fair scheme for public sector workers, and that is what this Government are seeking to do.

[David Mundell]

The motion mentions two reports, one by the National Audit Office and the other by the Public Accounts Committee, which do not provide us with sustainable and lasting models for the future. Pensions, as they stand, are not affordable. As Lord Hutton says,

"the status quo is not tenable."

The Office for Budget Responsibility's latest forecast demonstrates that long-term costs have continued to increase since March, so reform is now essential because the costs of public service pensions have risen dramatically over the past few decades. The fact is that we are all living longer; the average 60-year-old is living 10 years longer than was the case in the 1970s.

David T. C. Davies (Monmouth) (Con): I thank my hon. Friend for the points he is making. Does he agree that unless these reforms go ahead public sector workers will not be able to rely on anything, because there might not be any money to pay them anything? That is why it is so important that these reforms go ahead.

David Mundell: I absolutely agree. The speech from the hon. Member for Arfon seemed to me, particularly on Wales, to be very much an argument for the status quo.

Katy Clark: We already know that public sector pensions are, on average, less than £5,600 a year, so if they are going to be even lower what will people live on—state benefits?

David Mundell: There is no suggestion that those on the lowest pay will receive lower state pensions. The Labour party has been very keen to engage in such scaremongering, but the Government's proposals specifically protect those on the lowest earnings of below £15,000.

Before I finish, I want to turn to some of the specifics about Scotland.

Dr Eilidh Whiteford (Banff and Buchan) (SNP) *rose—*

David Mundell: Perhaps the hon. Lady will agree with me on them.

Dr Whiteford: I hope that when the Minister comes to explain the protection for low-paid workers he will be able to clarify something about which many people in trade unions have been asking. Will part-time workers' earnings and the increase in their contributions be calculated on the basis of full-time equivalent wages?

David Mundell: They will be based on full-time equivalent wages. That point is clear. The difference on pensions between this Government and the Scottish Government is that we are clear on the points that people might not want to hear rather than pretending to people that they can have everything when that is not sustainable.

Dr Whiteford: The contributions of a woman who works part-time in a professional job—for example, as a nurse or a teacher—but takes home less than £15,000 a year will be increased not at the lower rate but at the higher rate of a full-time equivalent.

David Mundell: The hon. Lady knows that in all aspects of employment, the full-time equivalent applies. That is what will apply to pensions.

Mr Reid: Will my hon. Friend confirm that that decision in relation to a nurse in Scotland is entirely one for the Scottish Government to take?

David Mundell: Indeed. The hon. Gentleman makes a very good point and I am about to come on to some of the issues about the Scottish Government. The point that has been underlined several times in this debate is that there are many issues on which the Scottish Government could make a decision but have chosen not to do so.

Susan Elan Jones: Will the Minister give way?

David Mundell: I am sure it is not about Scotland, but I will.

Susan Elan Jones: I am sure it could be. The Minister refers to transparency and clarity but yet again refuses to answer the question about ministerial involvement, or lack of it, in negotiations. Why will he use those words yet refuse to do that?

David Mundell: My understanding is that my colleague the Secretary of State for Health is meeting NHS unions as this debate is going on. There are significant ministerial discussions.

We have set out that the budgets of the devolved Administrations, who have these powers, would not be adjusted accordingly if they chose not to implement the reforms, because they have received higher settlements that reflect the proposed changes. If the devolved Administrations do not implement our public sector pensions reforms, Barnett consequentials will be reduced.

The Treasury wrote to tell the Scottish Government they had to apply the 3.2% increase in contributions or make up the shortfall and presented them with a choice. They could have chosen not to apply the increased contributions and make up the difference to the Treasury, but they followed a now familiar pattern: they failed to take any sort of decision and blamed Westminster at every turn. Their manufactured outrage is a smokescreen designed to cover the fact that they have no answers for the people of Scotland on how they would fund public sector pensions, never mind the wider state pension. We have asked them often enough—

Mr Weir *rose—*

David Mundell: And perhaps the hon. Gentleman will answer us.

Mr Weir: The Minister is talking absolute nonsense. Will he not accept that if the Scottish Government did that, they would lose £1 billion from a budget that is already being cut by making the payment then losing money through a clawback from the Treasury?

David Mundell: I have already set out all the additional money that the Scottish Government have received since the budget settlement last year from which they could have made these choices. Sometimes, choices are

difficult, but the Scottish Government prefer to pretend to people that they are on their side while not being willing to take difficult decisions.

Ian Murray: You are talking about choices that the SNP Scottish Government will make and one of the big choices they made was to cut capital spending far faster and far further than your own Government.

Madam Deputy Speaker (Dawn Primarolo): Order. The hon. Gentleman is referring to the Minister and should refer to him as the Minister or "he". "You" means the occupant of the Chair, and this is nothing to do with me, fortunately.

David Mundell: That is a phrase often used in Scotland, Madam Deputy Speaker, by one of the—

Madam Deputy Speaker: Order. I say to the Minister that I am absolutely aware of the use of "you", but I think that in parliamentary debates we should stick to the convention here, as I am sure he agrees.

David Mundell: I will indeed do that, Madam Deputy Speaker.

The SNP Scottish Government have played fast and loose with Scotland on pensions. Rather than making responsible suggestions, they resort to scare tactics. In this motion, the SNP and Plaid Cymru are frightening people by saying that they will receive less pension. The SNP's submission to Lord Hutton, as we have heard, offered at best no better and in some cases a much worse deal. The Scottish Public Pensions Agency, an agency of the Scottish Government, headed by the Cabinet Secretary for Finance and Sustainable Growth, John Swinney, made a number of interesting suggestions when it illustrated options for further change. It suggested reducing current employer contribution cap levels with members meeting all costs above that cap. Alongside that, it proposed to reduce the levels of benefits available without necessarily reducing the levels of contributions.

Pete Wishart: I am listening very carefully to the hon. Gentleman. I suppose it should not come as a surprise to anybody in this House that there are now more giant pandas in Scotland than there are Tory MPs; listening to the Minister, we can see why. Will the Minister concede that there was no submission from the Scottish Government to the Hutton report, but there was a submission from an agency of the Scottish Government?

David Mundell: I do not accept that analysis. The hon. Gentleman might have got a laugh if he had thought that up himself rather than stealing it from the Twittersphere.

The Scottish Government's proposals were a toxic cocktail topped up by suggestions to introduce later retirement ages, change accrual rates, apply changes to all members, not just new scheme members, and move to a defined contribution scheme, which places the risk of uncertainty over the value of the final pension on the member. All those proposals would mean a worse deal for public service employees than the coalition's proposals.

David Mowat (Warrington South) (Con): Will the Minister give way?

David Mundell: One last time.

David Mowat: I am listening very carefully to the Minister's comments on the interaction between the Scottish Government and himself. Does he agree that one of the interesting features of the motion is the last part, which appears to concede the point that the Barnett consequentials should be reviewed and that certain types of expenditure should be taken out of them? If that is a principle that the SNP wishes to adopt, we should consider the Barnett formula more generally and the whole settlement and block grant for Scotland.

David Mundell: My hon. Friend makes an interesting point, because that is one issue on which there is an absolute divide between Plaid Cymru and the SNP. Plaid Cymru wants significant change to the Barnett formula and, as I understand it, the SNP does not. That is part of the inherent illogicality that is at the heart of their argument.

I am surprised that we hear nothing these days about independence, which is relevant. Perhaps that is because Plaid Cymru does not promote independence. I look forward to hearing SNP Members set out exactly how an independent Scotland would be able to fund not only existing pensions, but provide enhanced pensions, without consequences for pensioners in Scotland. I am sure that we will hear calls for the break-up of the United Kingdom.

I also look forward to hearing from Labour Members. I understand that Labour MSPs chose not to take part in the debate in the Scottish Parliament because they were working in their constituencies that day. I know that the Labour party has not been an effective Opposition in Holyrood, particularly since the hon. Member for Glasgow East (Margaret Curran) left, but not to turn up at all is taking that to an extreme. I look forward to hearing their contributions today.

2.1 pm

Mr William Bain (Glasgow North East) (Lab): I apologise to the hon. Member for Arfon (Hywel Williams) for missing the first few moments of his opening remarks. Let me begin by paying tribute to the contribution made by those who work in our public services, including 595,000 in Scotland, such as those who care for the sick and elderly in hospitals and care homes, those who provide inspiration to children through the gift of teaching and those who clean up our communities. They are the backbone of our society. They had no part in causing the great recession or the slump in tax revenues and demand in 2008-09. They deserve better treatment from the Government, whose economic policy is based on a further 310,000 of them being made redundant by the end of this Parliament, and their families suffering an uncertain future, and all because of the Chancellor's adherence to a deflationary economic theory that is not working and is sapping hope and potential from communities across our country.

Mr Graham Stuart (Beverley and Holderness) (Con): I agree with the hon. Gentleman's sentiments towards public sector workers and the excellent work they do, but they were a part of unsustainable Government spending, even in years of boom revenues. Does he accept that they deserve an apology for the role that he

[Mr Graham Stuart]

and his party played in giving us unsustainable public funding, which has now led to hard decisions having to be made by the Government?

Mr Bain: The current Chancellor agreed with every penny piece of spending from 2005 to 2008. He decided to change course on public spending only when the recession was beginning to hit. We can see from the economic illiteracy of the previous Budget and the autumn statement that to have adopted a deflationary policy at that time would have seen unemployment and public sector redundancies soar even higher. That is not the approach that would have safeguarded a recovery, and it is one that we were right to reject.

Mr Stuart: Will the hon. Gentleman give way?

Mr Bain: I will give way to the hon. Gentleman later.

Today's concessions by the Secretary of State for Health on NHS pension contributions show that the Government's plans are already unravelling under the weight of their own contradictions and injustices. Is it not disgraceful that the Chief Secretary to the Treasury did not come to the House today to make a statement on the details of this partial climbdown, instead of the Government briefing the press?

At first sight, the concessions stand up to no more scrutiny than the Government's previous partial climbdown, which would have required a near 50% increase in annual contributions from affected workers, for up to eight years longer, with the claimed increased pensions paid for as much as eight years fewer, losing real terms value each year due to uprating in line with the consumer prices index rather than the retail prices index. Unison has already said in response to today's announcements that a one-year delay before low-paid workers will pay higher contributions is cold comfort.

This is the Government who refuse to impose a tax on bank bonuses, but believe that nurses, teachers and catering staff should face additional tax rises instead. This is the Government who in the autumn statement sought to slash £1.2 billion a year from the tax credits of these same workers, hurting women and children four times more heavily than the balance sheets of the banks. We need a negotiated solution in which both sides give ground. The Opposition accept many of Lord Hutton's points, but the Government pre-empted this with the hike in contributions, which must be subject to negotiations.

Let me set out the reasons why we find the Government's current proposals unacceptable and urge them to produce plans for the future of public sector pensions that genuinely do not penalise those who are least able to shoulder the burden. First, the Chancellor's proposals are not about fairness or long-term stability. They are motivated by a reckless plan of spending reductions that are made worse by his failure to grow the economy in the last year and the slump in growth that the Office for Budget Responsibility predicts for this year, next year and the year after. The Chief Secretary to the Treasury set out in the comprehensive spending review last October cuts in the public sector pension bill from next April of more than £1 billion, rising to £2.8 billion by 2014-15, coming from the 3.2% hike in contributions paid by 750,000 public sector workers, all as part of the Government's plan to take £81 billion out of the economy by 2015 through public spending cuts. However, given that the lack of demand and growth is the biggest problem facing the country today, how will reducing the living standards of hundreds of thousands of public sector workers on top of the two-year pay freeze increase consumer confidence or strengthen the retail and service sectors, which will be harmed by this tax on public sector workers?

David T. C. Davies: How much will this plan B that the hon. Gentleman is outlining add to the national debt, and what will be the increase in interest payments each year as a result of the money he wants us to borrow from the banks that he despises?

Mr Bain: The hon. Gentleman has once again revealed that the Government simply have a plan for cuts and no plan for growth or jobs. A five-point plan for growth and jobs would cut VAT, reduce national insurance and create jobs, which would help pay down the debt and the deficit.

Gordon Banks (Ochil and South Perthshire) (Lab): Does my hon. Friend agree that it is all about priorities and that the Conservative party has the wrong priorities and we have the right ones?

Mr Bain: My hon. Friend, who has been involved in setting up and running a business, knows what is needed for job creation in these difficult times.

Mel Stride (Central Devon) (Con): Will the hon. Gentleman give way?

Mr Bain: I want to make some progress and will give way again in a moment.

The Government are attempting to create the politics of division between low-paid workers in the private and public sectors and to engage in a race to the bottom on public sector pensions instead of focusing on increasing provision among employees in the private sector, but the public will not be fooled. Cutting a dinner lady's pension will do nothing to increase the pension of a call centre worker or end unfairness in private pension provision. Two in three private sector workers are not in a workplace pension scheme. Two in three public sector staff earning between £100 and £200 a week are in a pension scheme, but only one in seven private sector workers in the same wage band are in a pension. Only 11% of private sector employees are in defined benefit pension schemes. The Government simply fail to grasp or take action on the unfairness in the pension packages of top directors in the private sector, who have pensions worth nearly £4 million on average.

Mr Graham Stuart: Will the hon. Gentleman give way?

Mr Bain: I will give way to the hon. Gentleman a little later, because I want to make more progress with my argument.

The average public sector pension in local government is £3,000 a year, and half of female public sector pensioners receive less than £4,000 a year, or £80 a week. As Lord Hutton's report makes clear, the notion that current

public sector pensions are gold-plated is entirely wrong. The Government's plans mean that a part-time 45-year-old school dinner lady with five years' service, who is in the local government pension scheme and on a salary of £8,000 per year, would receive £400 a year less in her pension by the age of 65, or £672 a year less if she took it at 68, while she would pay £5,500 more in contributions by her retirement.

In April, the Government altered the indexation of public sector pensions from the retail prices index measure of inflation to the consumer prices index measure. The TUC estimates that the change has reduced the average value of public sector pensions by 15%, and the OBR has assessed the reduction to be 8.7% by 2017.

Dr Whiteford: If the hon. Gentleman is so concerned about the switch from RPI to CPI, why did he not vote against it on 17 February?

Mr Bain: Sadly, this Government will have had another three Budgets and, perhaps, another three autumn statements by the next general election, so we will make our spending plans clear at that general election—[Hon. Members: "Ah!"] We will, and those plans will not involve the massive cuts in capital spending that have put construction workers on the dole in Scotland—which the Scottish National party has made over the past two years.

Mr Reid: The hon. Member for Banff and Buchan (Dr Whiteford) asked a straightforward question. If the hon. Gentleman is now criticising the RPI-CPI switch, why did he not vote against it in February?

Mr Bain: I accept that Liberal Democrat Members might be prisoners of a coalition agreement that they have signed up to for five years, but the hon. Gentleman has to explain to the Scottish people why the Chief Secretary to the Treasury now proposes further austerity, with £23 billion more in cuts in the first two years of the next Parliament, and to explain its effect on the lives of the Scottish people. The switch is a permanent change that will still hurt ordinary families even after the public finances have been restored to stability. The Government's proposals harm those who are within 10 years of retirement and would have to pay the 3.2% increase in contributions for a pension that would be 15% smaller due to the Government's changes to contributions and indexation.

The Government's plans are a further attack on the living standards of women, as 90% of those affected are women, and they add to the effect of the Chancellor's other cuts in spending, which hurt women twice as hard as men.

Mel Stride: Will the hon. Gentleman give way?

Mr Bain: I will in a second. I just want to make further progress on this point.

The Government's plans measure income with reference not to gross pay, but to full-time equivalent earnings, treating a part-time employee on a salary of £14,000 a year as if they were a full-time employee on a salary of £28,000 a year. The Office for National Statistics' own figures from last year show that 806,000 public sector workers who work part-time earn less than £15,000 but have full-time equivalent earnings above that amount. Of that number, 91% are women. Only 16% of public sector workers have full-time equivalent earnings of less than £15,000 a year and would escape the rise in contributions. The 3% hike in contributions means that some women would pay almost 50% more in pension contributions.

Secondly, the OBR's fiscal sustainability report, published this July, makes it clear that, even without implementing the recommendations in the Hutton report but taking into account the likely rise in the elderly population, the cost of providing public sector pensions as a proportion of GDP will fall from 2% to 1.8% by 2030, and to 1.6% by 2060. Lord Hutton has not disagreed that, even without those changes, the costs of providing public sector pensions in the long term are sustainable.

The previous Government signed an agreement with civil service unions, ensuring that new civil servants entered a career-average scheme with a pension age of 65 years old, thereby benefiting low-paid workers whose pay rises are generally less than inflation and who are unlikely to benefit from regular promotions. The agreement helped in particular women, black and ethnic minority workers and people with disabilities. The National Audit Office, in December 2010, evaluated that 2007 deal and concluded that it

"reduces costs to taxpayers by 14 per cent",

saving £67 billion over the lifetime of existing schemes.

Thirdly, a 3.2% increase in contributions by public sector workers in return for a lower pension would fail the test of fairness at a time when people on low and middle incomes face the biggest squeeze in living standards since the 1920s. For a public sector worker on average pay, the effect of this further attack on living standards is to the tune of a £3,000 cut in gross pay. A worker on a salary of £18,000 per year could lose more than £1,500 over the years from next April.

Fourthly, average incomes are set to fall by 7.4% by the end of this Parliament—the largest slump on record, and all because of this Government's economic failure; and disposable incomes are set to fall by 4%, according to the Institute for Fiscal Studies in data published last Wednesday. Imposing a higher tax on public sector workers at such a time, with those trends in falling disposable income, is grossly inequitable. The hike in pension contributions, together with the current pay freeze and the future 1% pay cap, will lead to an average 16% cut in living standards by 2014 for public sector workers.

Mr Graham Stuart: Will the hon. Gentleman share with the House his party's views? I know that he is putting off an awful lot until near the next general election, but, given his level of criticism, will he explain why he did not vote against the RPI-CPI change, as he has singularly failed to do, and whether he thinks that the system of public sector pensions which this Government inherited was entirely fit for purpose and in need of no reform whatever?

Mr Bain: The responsibility for the hike in pension contributions, and for the loss in pensions that public sector workers are going to suffer, is the responsibility of this Government, and I will not be deflected from ensuring that they take full account of it.

[Mr Bain]

The Scottish National party should also—

David Mowat: Will the hon. Gentleman give way?

Mr Bain: I have been generous enough in giving way. With respect, I encourage the hon. Gentleman to catch Madam Deputy Speaker's eye if he wants to make further points.

The Scottish National party should thoroughly disown the proposals submitted by the Scottish Public Pensions Agency, which is accountable to Scottish Ministers, as its recommendations would be even more unfair for tens of thousands of Scottish public sector workers. The Scottish Government have power over the NHS, teachers, local government, police and firefighters pension schemes, with the exception of the local government pension scheme. They have not yet declared what they intend do in relation to local government workers, who face the possibility of paying additional contributions to their pensions, so they should end that uncertainty and make their position clear now.

The Government need to change course, to sustain and not destroy the living standards of public sector workers and to recognise that the crushing austerity that they seek to entrench for years to come will leave a legacy of higher child and family poverty. This country deserves better than a Government who are out of touch, out of growth and out of ideas for the future.

Several hon. Members *rose—*

Madam Deputy Speaker (Dawn Primarolo): Order. A large number of Members wish to take part in this time-restricted debate. I am going to impose a time limit from the next speaker of seven minutes, because I have now been informed of how long the winding-up speeches will take. I cannot take account of how many interventions there will be, however, so the time limit may have to be reviewed downwards in order to get everybody in at a later stage.

2.19 pm

Jackie Doyle-Price (Thurrock) (Con): I had hoped, when I saw the text of the motion, that there would be some maturity in this debate about public pensions, which have become unaffordable and unsustainable in the long term, but I should have known better. The speech by the hon. Member for Glasgow North East (Mr Bain) was disappointingly partisan and failed to address the long-term sustainability problems that we face.

It is a truism that every Member of this House appreciates the valuable work done by our public sector workers, and it is not very helpful for any Opposition Member to try to paint Government Members as anti-public sector. I speak as someone who spent almost the entirety of my career working in the public sector, having worked for the police service, in local government, and as a regulator. Among my hon. Friends, we have NHS doctors, ex-servicemen and ex-teachers, so we have as much interest in supporting our public sector workers as any party in this House. However, we also recognise the need for long-term fiscal responsibility and acknowledge that in delivering to public sector workers pensions that are affordable, sustainable and fair, that fairness has to apply to those workers and to the taxpayer. As currently constituted, our pensions are not affordable in the long term, for the simple reason that we are all living longer.

The motion suggests—the hon. Member for Arfon (Hywel Williams) referred to this—that these public sector pension reforms are about deficit reduction. Given the time frame in which the Government are implementing the changes and the intention to implement them on a phased basis, I am satisfied that that criticism does not bear examination. These changes are about fiscal responsibility and about not saddling future generations of taxpayers with huge tax liabilities. This is not a short-term fix; it is about getting an appropriate balance between the contributions of workers and the contribution of the taxpayer.

The motion notes that the changes

"are unfair on public sector workers"

because they

"will have to work longer, pay more and receive less in their pension when they retire".

I have to say to the House that that is the reality for all pension holders. In my last job, I paid into a private pension, and I have just had a look at how much it is worth. In the space of just two months, the value of that pension pot has eroded by some 25%. I suspect that many workers are having to revise their intentions with regard to retirement when they look at how their pension is performing, not least because of the annual raid on pension funds perpetrated by the previous Government.

Mr Graham Stuart: My hon. Friend's point about support for public sector workers is absolutely correct. The fundamental question is about fairness. Opposition Members are saying that people on lower earnings in the private sector should work longer hours and pay more tax in order to guarantee the pension being provided to public sector workers, while those lower-earning private sector workers often have no provision at all. It is about fairness, and that means that this Government have to take the tough decisions, however unpopular, to put the situation right.

Jackie Doyle-Price: My hon. Friend makes my point much more powerfully than I do.

Hywel Williams: On 30 November, the Prime Minister said:

"We rejected the idea that we should level down public sector pensions."—[*Official Report*, 30 November 2011; Vol. 536, c. 931.]

Does the hon. Lady agree with that?

Jackie Doyle-Price: I totally agree with that comment. I do not recognise any criticism that we are levelling down public sector pensions. We are trying to take this forward in a consensual way.

I welcome the fact that in our proposed reforms we are sticking with defined benefit systems. Many private sector schemes have had to migrate to defined contribution schemes because of the unaffordability of their existing schemes. We recognise that public sector workers are going to have to make a much bigger contribution, but

they are doing so to achieve benefits that would be much more expensive if offered to workers in the private sector.

Sheila Gilmore (Edinburgh East) (Lab): One of the things that might have brought more money in and created some fairness in the pensions system would have been to limit the tax relief on payments into private pensions to the basic rate of tax. Would the hon. Lady agree with that proposal?

Jackie Doyle-Price: I am trying to set out a case for wider structural reform. We have a massive structural challenge across the board in pensions for public sector workers and private sector workers. As regards tax relief for pension contributions, I will not take any lectures from Labour Members given what was done under the previous Government.

It used to be the case that the generous pension provision for public sector workers was a quid pro quo for working in the public sector, as higher salaries were traditionally enjoyed more regularly in the private sector. That is no longer the case. I refer to the comments by my hon. Friend the Member for Aberconwy (Guto Bebb) about average salaries in Wales, which show that public sector workers there often enjoy much higher levels of reward than private sector workers. This will reduce dynamism in the labour market and make us less competitive. Our economy benefits greatly from having people moving from the public sector into the private sector so that we all enjoy their expertise, but when there are such significant levels of differential between salaries, that is not going to happen. If we then add in the benefits that come from the generous pension provision, it becomes impossible for people to move from one job to another.

Let me give an example. In my last job, I worked for the Financial Services Authority, where I had a very senior colleague who had worked for the Bank of England and the FSA for some 28 years. She was offered a very highly paid job with a bank, as one would expect—we all expect bankers to be offered higher salaries than public sector workers. When she worked out the cost implications of moving from her job, with 28 years of a final salary pension, compared with what she would have to be paid by the bank to come anywhere close, she was somewhat crest-fallen to realise that in the longer term she would be taking a pay cut. That illustrates the competitiveness issues raised by how much we have in our pension schemes.

Mr Graham Stuart: In areas such as Wales and the north of England, where the discrepancy is particularly notable, small businesses and enterprises need people but they are struggling to recruit because of the level of salaries in the public sector. If we are to rebalance the economy, we need to make sure that our dynamic small businesses have equal and fair access to the labour market.

Jackie Doyle-Price: That is absolutely true. It is not very good for growth and competitiveness if we are pricing growing businesses out of the market simply because they cannot afford to recruit staff at sustainable levels.

The motion refers to the reports by the National Audit Office and the Public Accounts Committee. I am a member of the Public Accounts Committee. While it is true that we were pleased that the reforms introduced by the previous Government were moving in the right direction, we were not satisfied that they were sustainable in the long term. The NAO would not be drawn on that specific issue, because it recognised that it was a political decision. The PAC said that the Hutton commission provided the opportunity for the Government to develop a clear strategic direction for public service pensions and that we looked forward to those detailed proposals. The Public Accounts Committee report was therefore much more sympathetic to the Government's approach than is indicated in the motion.

That said, the Committee did express concerns about pension reform. We expressed concern over its impact on staff morale. It would be helpful if employers and trade unions worked more collaboratively to address that. Sadly, that has not been the case to date. We also expressed the opinion that many employees did not understand the value of their pensions as part of their reward. If the colleague I mentioned earlier, who worked in financial services, did not understand the true value of her pension pot, God help any other public sector worker.

We must ensure that we do not discourage people from saving for retirement. I therefore welcome the Government's decision to exclude the lower-paid from any increases. Obviously, 15% of salary is a lot—

Madam Deputy Speaker (Dawn Primarolo): Order.

2.29 pm

Mr Brian H. Donohoe (Central Ayrshire) (Lab): I thank Plaid Cymru and the Scottish National party for securing this debate and for ensuring that the damaging pension plans continue to be at the top of the political agenda.

As the Minister said, the SNP had choices. In relation to the final part of the motion, the SNP gave away its choices in refusing the opportunity that it had in the Scottish Parliament to vary taxes by 3p. If it had accepted the need to continue with that, it could have used it towards the contributions that are required. There has been a lot of talk and nonsense about that from Members who have now left the Chamber. They know full well that that is the case.

Dr Whiteford: It sounds as though the hon. Gentleman is proposing that we increase taxes in Scotland to pay for pension increases. Is that really what he means?

Mr Donohoe: We live, at this stage, in the United Kingdom. If the SNP is suggesting that Scotland has a different set of circumstances for pensions than England or Wales, there is something wrong with the system. We live in the United Kingdom and SNP Members have to accept that. I have more in common with a joiner in Newcastle than with the director of the Royal Bank of Scotland. That is the way that SNP Members should think as well. They had choices and they denied themselves the opportunity to make them.

This matter affects many of my constituents. My constituency has 4% more public sector workers than the United Kingdom average. Some 39,300 of my constituents work in the public sector, about two thirds

[Mr Donohoe]

of whom are women. The pension proposals will affect women more than men, because they are the lower-paid in society.

Mel Stride: As Christmas approaches, could the hon. Gentleman find it in his heart to congratulate the Government on taking more than 1 million low-paid workers out of tax altogether, many of whom are exactly the women he describes?

Mr Donohoe: I do not accept that at all. This Government have put up VAT, which is affecting all the low-paid people across the country more than it is the likes of the hon. Gentleman. He should not delude himself that the situation is different.

My mind has been taken away from this subject over the past week, because young Jack Samuel Donohoe, my second grandchild, was brought into this world at five past 12 on Monday. Jack, his mother Pauline and his father Craig are all doing very well. I mention that only because when my first grandchild was born about three weeks ago, I mentioned it in a debate and I felt that it was only right to mention the second.

Madam Deputy Speaker (Dawn Primarolo): Order. I am sure that the hon. Gentleman will use that point to talk about how long we are all living and return to the motion.

Mr Donohoe: I am grateful to you, Madam Deputy Speaker, for that guidance. I am sure that that is what I was about to say. In about 70 years, my grandchildren will collect their first pension. I want it to be a decent pension, regardless of whether they are in the public sector or the private sector.

At the age of 22, I first became involved in pensions as a trustee of the pension scheme at the Ailsa shipyard where I worked. I have always had an interest in pensions as a result. Many people do not have a clue about pensions. I have always accepted that a pension is deferred income. My pension is part of my income, and pensions are the income of every person who contributes. It is income that this Government are taking from individuals. I know that and other hon. Members should know it.

Guto Bebb: I find the hon. Gentleman's arguments very interesting. If pension contributions are deferred income, is not the disparity between pay in the public sector and the private sector in Wales even more scandalous?

Mr Donohoe: The hon. Gentleman obviously does not understand what I have just said. It is clear that most people do not understand that pension contributions by an employer are deferred income. They are part of a person's income and should be treated as such regardless of whether they are in the private or public sector. That should be known to everybody.

The increase in contributions that was announced in the spending review will not be used to pay for pensions. My understanding is that that £2.8 billion is specifically to be used to reduce the deficit—that is in the Red Book. Perhaps the Minister would like to establish in his winding-up speech whether that is right. I also understand that the proposal was a political choice by the Government rather than being made out of necessity. They have scrapped Labour's tax on bankers' bonuses, which was to raise more than £3 billion in revenue, and replaced it with a tax on public sector workers' incomes.

Those changes are being made against a backdrop of a two-year pay freeze for public sector workers, which of course was announced on the eve of last week's strike. That was a very provocative statement intended, I suggest, to fan the flames of dissent among public sector workers. The changes also come at a time when inflation is running at about 5%. That in itself has reduced the value of public sector pay by almost 10% in real terms, which is not sustainable in the current climate. We all understand that we have difficult choices to make, and we all understand the state of the economy, but pensions should be considered for the long term. It is patent that that is not happening.

Mr Graham Stuart: Will the hon. Gentleman give way?

Mr Donohoe: No, I am just about to sum up, so I will not give way again.

I finally wish to touch on the effects that the changes will have on our armed forces, a section of the community for whom I have great respect. It goes without saying that this punitive reduction will have a damaging impact on the morale of those who are prepared to make the ultimate sacrifice for our country. We must not punish our young men and women in the forces because one man cannot see the practical implication of his economic policies.

2.37 pm

Guto Bebb (Aberconwy) (Con): First, may I say that I might not be here for the wind-ups, because I have to catch a train to Brussels for Welsh Affairs Committee work? I hope that I will be able to be here, but if not, I present my apologies in advance.

This is an important debate, and I am grateful for the opportunity to contribute. One of the disappointments so far has been the fact that many Opposition Members have implied that coalition Members, whether they are Liberals or Conservatives, despise the public sector in some way. That is simply not the case, and I reject the suggestion completely. As a coalition Member, I find such comments offensive. I depend on state schools for the education of my children, I am the son of teachers and I am married to a public sector worker, so I find such comments completely unfair. Opposition Members should consider the matter carefully before making them.

We are aware of the importance of the public sector, so much so that we are proposing changes that Lord Hutton, the Labour peer who produced the report on the matter, said were possibly not affordable.

Susan Elan Jones: Can the hon. Gentleman confirm that he is not in fact the son of Conservatives?

Guto Bebb: That is an interesting question, and I am not sure. My father certainly ended up voting Conservative, but I cannot comment on my mother, because I think that how somebody votes at the ballot box is their choice entirely.

We are quite often accused of attacking the public sector or introducing unfair policies, yet the coalition Government are trying to deal on a long-term basis with issues that the previous Labour Government did not deal with. When we talk about fairness, which is important in this debate, I wonder where the comments of Labour Members were on the raid on private sector pensions. Where were their comments in defence of people with poor rates of pension provision who were saving with their own money—working people saving for their retirement? Where was the Labour party when it came to defending those people when the previous Labour Government raided pensions to the tune of £5 billion a year? That was a scandal. It was not fair, but we heard nothing from Labour Members.

Even worse, the raid on private pensions was made with the justification of helping young people back into work. In 2010, the rate of unemployment among young people was higher than in 1997. The raid was unjustified, not effective and unfair.

Sheila Gilmore: The hon. Gentleman's 2010 figure is not wrong—*[Interruption.]* Excuse me! It is true to say, however, that the money that was put into reducing youth unemployment worked and that youth unemployment was brought down from the very high level that was inherited in 1997—*[Interruption.]* No. Only the recession caused youth unemployment to rise.

Guto Bebb: I find the argument that my point was "not wrong" but that somehow the raid was justified to be bizarre to say the least. However, I would challenge the hon. Lady: if she thinks the raid on private sector pensions was justified because the policy miraculously worked—even though youth unemployment went up—I invite her to say that we should reduce public sector contributions because that would help in relation to youth unemployment.

Mr Graham Stuart: The Select Committee on Children, Schools and Families held an inquiry into young people not in education, employment or training. It showed that before the economic crisis, the number of unemployed young people was on a level plane with the number when the previous Government took office. That shows that in all those years of economic growth, young people were left behind by the Labour Government before the spike after the financial crisis. What the hon. Member for Edinburgh East (Sheila Gilmore) said was absolutely false.

Guto Bebb: I thank my hon. Friend for the clarity of his point.

The proposal is a reasonable one. We are aiming to protect those on lower pay. Some in my constituency of Aberconwy will be astounded by the figure given by the hon. Member for Glasgow North East (Mr Bain)—he stated that only 16% of public sector workers earn less than £15,000. The average wage in my constituency is £23,000 and the average private sector wage in Wales is £21,000, so there will be a question about whether the proposal is unfair.

That reminds me of the comments made on the RPI to CPI change. The change was illustrated with the example of a nurse or dinner lady who earns £8,000 a year. I recently did a call-in programme on Radio Cymru. A headmaster from the constituency of the hon. Member for Arfon (Hywel Williams), as it happens, called in and stated that the change from RPI to CPI was extremely unfair because it would cost him £200,000. The average private sector pension pot is £30,000. Hon. Members can imagine that the response of the general public when they heard that comment was pretty strong. The changes that the Government are trying to make are changes for the long-term, to try to ensure that we have a system that works.

It is imperative that hon. Members mention some of the e-mails that they have received from the trade union movement. I received one this morning from the Public and Commercial Services Union stating that the claim that the coalition is trying to protect the lower paid is not sustainable. The PCS directs us to a comment by Cathy Newman, who says that it is "fanciful" for the coalition Government to try to claim that they are protecting the lower paid. I am disappointed with that comment, but then the PCS does not bother to remind us of other comments that Cathy Newman has made. She also says:

> "Having said that though, public sector pensions, even after these reforms, will still be the envy of many a worker in private enterprise."

That is the key point in Wales. We are looking at how we can ensure that the people who benefit from extremely good pensions contribute a fair amount towards them. For example, will increasing a teacher's pension contribution from 6% to 9% have an impact on their take-home pay? Yes, it will—I would be the first to acknowledge that—but it is important to state that to end up with a pension similar to what will be available to a teacher as a result of the changes, somebody working in the private sector would have to contribute 35% or 38% of their take-home pay.

Katy Clark: Will the hon. Gentleman give way?

Guto Bebb: No, I will not take another intervention.

That disparity will still exist because the coalition Government value public sector workers. That is not to say that we do not value people who work in the private sector, but we acknowledge the importance of the public sector, we want to protect it and we want to bring in changes that are sustainable, fair to taxpayers and fair to the public sector. I ask any Opposition Member to tell me what is unfair about asking a teacher to contribute 9% of salary for a pension that a comparable worker in the private sector would have to contribute 35% to achieve. I ask any Opposition Member to stand up and tell me why that is fair. I see nothing.

Finally, I will turn to the Welsh context—

Katy Clark *rose—*

Guto Bebb: I want to get a few points in about Wales to finish.

In this debate, Plaid Cymru Members have said that they are standing up for their electorate and their workers. I applaud them for that. Of course people need to stand up for those who elect them to this place, but it is also important to point out that the constituency of the parliamentary leader of Plaid Cymru has the highest rate of self-employed people in the United Kingdom. What has Plaid said about supporting the pension provision of those individuals?

[Guto Bebb]

I accept that Wales has a high percentage of people working in the public sector, but in many constituencies the majority of people are striving to earn a living in the private sector. When we have a limited amount of money, the Government have a responsibility to all taxpayers to ensure that we have a system of pension provision that is fair to all. It is simply not sustainable to expect the three quarters of the people in Wales who work in the private sector or who are self-employed—many of whom live in the constituencies of Plaid Cymru Members—to pay through their taxes for the pensions of those who will retire on better pensions.

These changes will ensure that the public sector is protected, but they will share the burden in a slightly fairer way than at the moment, and I applaud the coalition for bringing forward a long-term change with courage and commitment.

2.47 pm

Lindsay Roy (Glenrothes) (Lab): I congratulate the SNP and Plaid Cymru on their choice of debate today. I take part in this debate with a heavy heart, and with genuine anger and frustration at the way in which public sector workers, who have done such invaluable work in our communities, have been treated by this Government. Some of what I have to say is constructive reinforcement of points already made, rather than unnecessary duplication. These raw sentiments reflect the views of hundreds of public sector workers in my constituency.

One of the hallmarks of a civilised society is the way we treat our citizens—people who have contributed immensely to society throughout their working lives. Indeed, for years there was a genuine trust and confidence in the public sector that, in return for often smaller salaries—although sometimes not—compared with the private sector, they would receive a fair, if generally modest, pension on retirement, and those pensions had been negotiated in good faith. That trust has well and truly evaporated. However, that erosion in trust has not occurred because of the Hutton report, which recognised again the need to review pension contributions as people live longer, but because of the cavalier way this Government have proceeded, on a unilateral basis, to disguise the real purpose of the precipitate 3% increase for public sector workers. To put it bluntly, public sector workers feel that they are sacrificial lambs.

The immediate increase has nothing directly to do with the present affordability, fairness and sustainability of public sector pensions, but everything to do with a cynical attack on ordinary working people at a time of pay freezes, increased VAT, higher fuel costs and a dramatic increase in living costs. The real reason for this smash-and-grab raid on the public sector was blatantly to contribute to the deficit reduction plan, as highlighted by the hon. Member for Arfon (Hywel Williams).

David Mowat: I have listened carefully to the hon. Gentleman's argument and he seems to be saying that he supports the proposals in the Hutton report, but does not support what the Government have done. Which aspects of what the Government are doing are not in the Hutton report?

Lindsay Roy: The Government pre-empted Hutton and were precipitate in taking forward the action with the 3% increase.

Not only have public sector workers been penalised, but the wealthier owners in our society, particularly the bankers, have not been challenged in the same way. As taxpayers, we have bailed out the bankers, so some of the richest people in our society continue to be rewarded, and it was some of them who created this financial crisis. Patently, we are not all in this together.

As a cover for their actions, the Government continue to peddle a number of myths, which, if Members will pardon the pun, I will try to scotch. First, it is said that public sector pensions are gold-plated. As we have heard, there are varying figures for this, but they vary between £3,000 to £5,000.

Secondly, it is said that the public sector unions were spoiling for confrontation. Nothing could be further from the truth.

Roger Williams (Brecon and Radnorshire) (LD): The hon. Gentleman is making a powerful point, and many of us have sympathy for those on small and medium incomes, but there are people on large incomes who also receive very large pensions. People pay taxation to provide those high pensions and that is a matter of concern.

Lindsay Roy: I do not want to be drawn to the lowest common denominator. We have already heard the issues surrounding tax relief in the private sector.

Industrial action is a last resort and a signal of anger and frustration among our constituents. Most of my constituents had never taken industrial action in their life and hope not to do so again.

The third myth was that the immediate 3% increase was recommended by Hutton; it was not. The fourth is that the intensive and serious negotiations between senior Ministers and senior trade union officials had continued right up until the 11th hour; they had not. Senior leaders last met on 2 November. To add insult to injury, this coalition Government decided to break the pension link with the retail prices index and move to the consumer prices index, thereby having a significant detrimental effect on the value of pensions, with a drop of between 11% and 14%.

All mainstream political parties fully recognise that there needs to be a comprehensive review of public sector pensions to ensure fairness, sustainability and affordability. At no time did we pretend that challenging decisions would not have to be made about contributions, entitlement and retirement age. Reform was to be strategic and phased and it would inevitably involve difficult decisions as people are living longer. It is now incumbent on the Government to engage as a matter of urgency in serious and meaningful negotiations at the most senior level and as immediately as possible with trade unions to agree an acceptable settlement.

Fundamentally, we need to draw up a long-term plan for decent pensions in the public sector, to continue to engage high-quality recruits, to retain the many committed public servants who do a tremendous job on our behalf and to reward fairly those who reach their pension age. I therefore urge the Government to go home and think

again, rescind these unfair short-term changes and to bring to the table a fair, affordable and sustainable plan for long-term pension reform.

2.53 pm

Iain Stewart (Milton Keynes South) (Con): Although it is always a pleasure to follow the hon. Member for Glenrothes (Lindsay Roy), I must confess some disappointment that I have not yet heard from a member of the Scottish National party. In my short contribution to this debate, I should like to focus on what I think is the Scottish nationalists' real motive behind the motion and the debate on public sector pension reform—their ambition for the Scottish Parliament to have full control over public sector pensions as part of its drive towards fiscal autonomy and full separation. Let me draw the House's attention to the words last week of the First Minister, Alex Salmond:

"The way to stop this Parliament and Government being hamstrung by the policies of the UK Government is to give us the financial independence that we require in order to do that."

That is clearly his aim. *[Interruption.]* And from a sedentary position, Scottish nationalist Members endorse it. That aim is at the heart of the motion.

Notwithstanding the local variation within the devolved Administrations over the administration of pension funds, to which my right hon. Friend the Minister referred, it would be a hugely retrograde step to move away from a unified United Kingdom public sector pension scheme.

Stewart Hosie: There is no unified public sector pension scheme, but there is a police pension scheme, a firefighter pension scheme, a Scottish teachers' scheme, a local government scheme and an NHS superannuation scheme. They are all different; there is no unified scheme. The hon. Gentleman is simply wrong.

Iain Stewart: If the hon. Gentleman forgives me, I was using shorthand. I am well aware that there are different schemes for different professions within the public sector, but in a UK context they are broadly similar between Scotland and England.

Paragraph 5.26 of the Hutton report reads:

"There has been scope for some variations in terms to meet local circumstances, but the resulting pension schemes have essentially been the same as those established by the UK Government. That has, for example, helped to prevent pension terms becoming an obstacle to transfers of staff and skills within a sector of the public service. It seems reasonable to continue with this approach."

Paragraph 5.27 reads:

"The key design features should be part of a UK-wide policy framework that extends to Scotland, Wales and Northern Ireland, with limited adaptations of other features to meet local circumstances."

I agree with that but it would be hugely disruptive to try to break apart what has been a unified system up until now.

Mr Weir: How does the hon. Gentleman square that with the Minister's accusation about the Scottish Government not making changes to the pension scheme?

Iain Stewart: As I said, in quoting from the Hutton report, local variations can be provided for, and that is exactly what my right hon. Friend the Minister said. There is no inconsistency at all.

Most public sector pension schemes—with the exception, I think, of the local government one—are pay-as-you-go schemes. There is not a separate fund, a pot of money or assets that are invested and then pay out. The current pensions are paid for from current receipts and underwritten more widely by the Government, with the expectation that tomorrow's pensions will be paid for largely by tomorrow's contributions. With fiscal autonomy or full separation, however, how would all that be disaggregated? It would lead to an enormous muddle over who was liable to pay for what and over who would be liable for the shortfall in future pension payments accrued under the current system? Were we to move down that road, I would wish to train as an actuary, because a lot of them would make a lot of money from disentangling everything. *[Interruption.]* Indeed, they earn a good money as it is. But they would earn even more.

Stewart Hosie: The hon. Gentleman cannot argue that these are in-year contributions and then make the case that there is a pension pot requiring actuarial rules. There is either a pot of money that is paid for and needs to be disaggregated, or there is not, but he has just said that there is not one because it is paid for in-year. Which is it?

Iain Stewart: That is not my point at all.

David Mundell: It is just a smoke screen.

Iain Stewart: Absolutely. It is just a smoke screen. It would create an enormous muddle if we had to pull apart the pension contributions, and we have heard absolutely nothing from the Scottish nationalists about how they would do that.

Gordon Banks: Although there might not be a pension pot, there is a pot of responsibility.

Iain Stewart: I am sorry but I did not catch the hon. Gentleman's point.

Gordon Banks: There is a pot of responsibility. There might not be a pension pot, but there is a pot of responsibility, and it is that responsibility for future pensions that the SNP would have to bear.

Iain Stewart: The hon. Gentleman makes a good point.

As well as the nightmare of disaggregating the fund, a range of dynamics would be set in train that would be difficult to forecast. I remember when the Scottish Executive set a pay increase for teachers that was more generous than that given to teachers in England—I think it was back in 2001. That resulted in a significant transfer of teachers wanting to work in Scottish schools because of the more beneficial terms. If we move from a unified pension scheme, we will set in train in those difficulties in accounting for who is responsible for paying what.

Sheila Gilmore: Will the hon. Gentleman give way?

Iain Stewart: If the hon. Lady will forgive me, I will not give way. I have been quite generous, and I want to bring my remarks to a conclusion shortly to allow as many other Members as possible to take part.

The other thing about which we have heard nothing from the Scottish nationalists is how they would pay for a more generous pension scheme in Scotland—if, as I

[Iain Stewart]

assume, that is their intention. In the confines of a short speech, I shall not go into the whys and wherefores of the cost of separation from the United Kingdom; my point is that we should consider pension reforms in the context of the United Kingdom. There are passionate views on both sides about what that future should be, and I completely respect the views that many hold in arguing for a sustainable pension scheme for the future, which is what we all want.

The hon. Member for Central Ayrshire (Mr Donohoe) is not in his place now, but earlier he referred to his new grandson. I recall following him in a debate a few weeks ago in which he announced to the House the safe arrival of, I think, Rosie, his new granddaughter. It is those children—those being born now—for whom we should be looking to ensure we can afford a decent pension, whether in the private or public sector, when they reach retirement. I hope that we can come to a decent consensus and conclusion on pensions, but it is not helped when the Scottish nationalists raise a smokescreen and attempt to turn this into a constitutional point, in order to achieve their aim of separating Scotland from the rest of the United Kingdom. Breaking up that system would be a nightmare.

Several hon. Members *rose—*

Madam Deputy Speaker (Dawn Primarolo): Order. Before we proceed with the debate, I need to change the time limit again, because there are still more speakers left than time will allow for. I am reducing the limit to five minutes per contribution. Again, I cannot calculate the consequences of interventions. The time limit has gone from seven to five minutes because things are taking longer; therefore, it may be necessary to change it again, although I hope not. Members can either take less than five minutes or choose not to take any interventions. It is up to them.

3.2 pm

Graeme Morrice (Livingston) (Lab): Thank you, Madam Deputy Speaker. I shall try to take less than five minutes, which is predicated on my taking no interventions.

I welcome this afternoon's debate, although I am somewhat surprised that the Scottish National party, whose Members have not given a speech yet, has chosen the topic of public pensions, given the very thin ice on which they find themselves with this issue. While 300,000 public sector workers and over 70% of the people of Scotland backed last week's day of action, the SNP sided with the Tories and Lib Dems, and refused fully to support pensions justice. Not for the first time, the SNP's warm words do not match up to its actions. Many are now asking: what is the difference between the SNP Administration in Holyrood and the coalition Government here? The SNP implements Tory cuts in public sector pensions, pay, jobs and public projects. Indeed, last week's revelations about the submission to the Hutton inquiry from the Scottish Government's Scottish Public Pensions Agency showed that the SNP is prepared to suggest even deeper cuts to pensions than those proposed by the Tory-led coalition. Perhaps the SNP Members here today can explain why their party in Scotland is doing the Tories' dirty work for them.

Like, I am sure, those of numerous other Members, many of my constituents have contacted me to condemn the Government's actions on public sector pensions. They have already had forced on them a change in the pension calculation from RPI to CPI, which Hutton says represents a 15% cut in pensions benefits.

Dr Whiteford: Why did the hon. Gentleman not vote against the move from RPI to CPI when he had the chance?

Graeme Morrice: What I am not supporting is this coalition Government's position on public sector pensions, and I am certainly not supporting the SNP and Scottish Government input into the issue. When they had the opportunity, they went to the Scottish Public Pensions Agency and argued for a position that was even more draconian than that of the Tories and Lib Dems.

Many people face plans to increase contributions by an average of 3.2%, but, as we heard from several hon. Members, not a penny of the money raised will go into pension schemes. The constituents who contacted me are hard-working, public sector employees carrying out vital jobs. They have kept our public services going and have already made a major contribution to tackling the deficit. They have endured a pay freeze for two years and face an increase of only 1% when the freeze ends—in effect, another pay cut. They are not only angry about the Government's proposals to make them pay more and work longer for less pension but are incensed at the insensitive and misleading way in which Ministers have dealt with this issue. Above all, they are fed up with hearing about "gold-plated public service pensions" and other misinformation about this complex issue.

The Hutton report clearly rejected the idea that public pensions are "gold-plated". Figures from the National Association of Pension Funds show that the median salary-linked public sector pension currently paid out is worth £5,600 a year, compared with £5,860 in the private sector. Of course, there are many medium and low-paid workers in the private sector who have little or no pension provision, which is a serious problem, but that is not a reason for public service pensions to be attacked by this Government. The artificial divide that the Government have sought to foster, pitting public against private, is failing those at the heart of the debate—the millions of people who need a good pension on which to retire.

To conclude, it is time for the Government to come clean on this issue and drop the myths and misinformation about public service pensions that they have been peddling for months. Public service pensions were reformed by the previous Government and are both affordable and sustainable. The Pensions Policy Institute has estimated that existing pensions reforms have reduced the immediate cost of benefits by 12.5% and should result in savings of around £13 billion on the NHS, teachers' and civil service schemes, spread over a 50-year period. The question now is whether the Government choose to negotiate a fair and reasonable deal or continue with their ideological drive to undermine public services, demoralise public service workers and destroy their pensions.

3.7 pm

Mr Mike Weir (Angus) (SNP): I congratulate the hon. Member for Livingston (Graeme Morrice), as it takes a special kind of brass neck to attack the SNP

attitude to strikes when his own party leader condemned the strikes and the hon. Gentleman and his colleagues were quite happy to sit here and debate them on the day.

We in the SNP are committed to public sector pensions that are affordable, sustainable and fair, but we believe the coalition Government are wrong in their policy. It is blatantly unfair to increase public sector workers' contributions to their pensions schemes at this time and in this way. Frankly, it is nothing more than a naked cash grab to reduce the deficit and it does nothing to address the sustainability of pensions over the longer term. It is especially wrong to impose an additional 3p tax on already hard-pressed households that are facing pay freezes—it will get worse over the next two years, as the 1% increase announced by the Chancellor last week is highly unlikely to keep pace with the rate of inflation—significant increases in national insurance contributions, higher VAT , rising inflation and rocketing costs for fuel and energy.

Indeed, it has been calculated that the impact of pay freezes and pay restraint over three years is costing public sector workers 15% of the value of their income, while the change from RPI to CPI, which I am glad my hon. Friends voted against, could worsen benefits by a similar amount. That is a dramatic reduction in living standards both for those working in the public sector and for pensioners.

Throughout this pensions debate, many Government supporters have consistently referred to gold-plated pensions in the public sector and, frankly, given the impression that anyone retiring from the public sector receives a substantial pension. That is utter rubbish: many public sector workers are in low-paid jobs and their pension entitlement is in line with what they earn and pay into the schemes, so the amount they get paid as pensions is correspondingly modest. Most public sector pension payments amount to less than £5,600 a year, and in local government the figure falls to £3,000, while 50% of women pensioners receive less than £4,000 a year, or £80 a week. That is hardly a fortune, especially in comparison with the grotesque amounts paid to the disgraced ex-bankers who caused the economic mess in the first place.

Brandon Lewis (Great Yarmouth) (Con): Does the hon. Gentleman not think that there is at least some fairness in a system that puts several thousand pounds more into the pension pot of the lower-paid workers whom he mentioned, who will no longer pay for the largest pensions in the public sector under the new scheme?

Mr Weir: But the lower paid are being hit in every other way. They are being hit by higher VAT, the higher fuel price and everything else. Their living standards are falling.

Lord Hutton's report also firmly rejected the claim that public sector pensions were gold-plated. It seems to me that the answer is not to attack public sector pensions, but to take action to try to help private sector pensioners. Unfortunately, however, previous attempts by Government to persuade people to opt out of state pensions, and the state second pension, into private pensions, and the mis-selling that went on, have undermined confidence in private pensions, especially among those on lower incomes. If the Government really want to do something about pensions, they should think about how they can encourage people in private occupations to save for their pensions.

For many years, we have been debating the future of pensions and how to encourage people to save more, but increasing contributions by such a large amount at a time when family budgets are under so much strain may well reduce the number of people who save for the future. There is a real chance that many will feel unable to make the larger contributions and will fall out of pension schemes, which could be a disaster for both the future of the schemes and the public purse. My hon. Friend the Member for Carmarthen East and Dinefwr (Jonathan Edwards) cited the results of an FBU survey, which suggested that 27% of people could fall out of their schemes. In his autumn statement, the Chancellor threw petrol on the flames of public sector discontent by casually introducing the idea of regional pay, which, if implemented, would have a serious impact on Scotland, Wales, Northern Ireland and the north of England.

Ian Murray: I have a tremendous amount of respect for the hon. Gentleman, but will he tell us what were the SNP's proposals to the Hutton review, so that we can make an objective assessment of its position in relation to that of the coalition Government?

Mr Weir: I was about to deal with the position of the Scottish Government. They have taken positive action to help to protect household budgets by, for example, freezing council tax for the rest of the parliamentary term, increasing the Scottish living wage to £7.20 an hour for all staff for whom they are responsible, and committing themselves to imposing no compulsory redundancies. In contrast to the Westminster Government, the Scottish Government have sought to focus on protecting Scottish household budgets.

The amendment tabled by the Labour party referred to the devolved Administration. In Scotland—

Madam Deputy Speaker (Dawn Primarolo): Order. The amendment was not selected. As the hon. Gentleman knows, he cannot refer to an amendment that has not been selected, and I am sure that he is not going to do so.

Mr Weir: Much of the debate has concerned public pensions in Scotland, Madam Deputy Speaker. I mentioned the amendment merely in passing, but I apologise for doing so.

There are five public sector schemes in Scotland—for NHS workers, teachers, the police, firefighters and local government—all of which are subject to constraints. Formal approval is required from the Treasury for legislative changes to the NHS and teachers' schemes. It controls the purse strings. Scottish Ministers can determine the design of the police and firefighters' schemes, although to date they have been negotiated on a UK-wide basis, a position supported by the Labour party. Scottish Ministers can decide on the funded local government scheme as long as the scheme regulations comply with primary legislation.

The Scottish Government sought to protect public sector workers in Scotland from the measures proposed by the UK Government, but the Chief Secretary to the Treasury made it absolutely clear that he would reduce

[Mr Weir]

the Scottish budget if they did so. In a letter to the Finance Secretary, John Swinney, on 5 September, he stated:

"If you decide not to take forward these changes, the Treasury will need to make corresponding adjustments to your budget. I would have to reduce the Scottish Government's budget by £8.4million for every month's delay."

The Scottish Public Pensions Agency issued a document putting forward options. Its contents were not Scottish Government policy, nor were they SNP policy, and at no time have the SNP and the Scottish Government made such suggestions. The document simply set out options and factual information. It is ludicrous for the two main parties to have a duopoly of despair and to attack the public sector based on the document—the SNP has done much more for public sector workers in Scotland than either of them has done in this Chamber.

3.14 pm

John Robertson (Glasgow North West) (Lab): It is an honour to follow that rant by the hon. Member for Angus (Mr Weir). I have great respect for him, and I never thought I would see the day when he would lose it, but there we go.

I had prepared a longer speech than I am able to make under the current time constraint, but I do want to make a few points. Thinking of the two Government parties reminds me that this is Christmas time, and as Scrooge is one of my favourite characters I am waiting for one of them to come up with a few statements such as that we should "reduce the surplus population" or, "Are there no workhouses?" That seems to be their policy on pensions and pensioners.

Mike Crockart (Edinburgh West) (LD): Does the hon. Gentleman welcome the fact that 1 million pensioners in Scotland are now £5.30 a week better off because of this Government?

John Robertson: I thank the hon. Gentleman for the extra minute his intervention gives me.

I found it surprising that the nationalist parties wished to hold a debate on this issue as I could not remember their raising it in the past. In fact, so bad was my memory that I contacted the Commons Library to find out when a nationalist Member had last raised the issue. This was the response:

"Thank you for your enquiry which was passed to me by the Library's Business and Transport Section. You asked for statements in the House by Scottish National Party and Plaid Cymru MPs on public sector pensions. Unfortunately, there were barely any mentions of public sector pensions so I have included references to pensions in general in case they are useful."

The House of Commons Library staff could find only four examples of the SNP raising this subject, and those examples were far from "useful". I felt relieved that I did not give the Library staff too much work to do.

The Library searched back to 2006 and found that the hon. Members for Na h-Eileanan an Iar (Mr MacNeil) and for Moray (Angus Robertson) have not made any references to pensions in the Chamber since then. When the Library staff asked if I wanted them to search back even further, I was worried they would have to call in an archaeologist. The hon. Member for Arfon (Hywel Williams) said in his opening speech that some parties' Members did not raise this topic; I suggest he looks at his own house first.

Jonathan Edwards: The hon. Gentleman's party has had 36 opportunities to raise the issue since the Government made their public pension proposals, so why has it not raised it for debate in the House?

John Robertson: I thank the hon. Gentleman for giving me a further minute, and I will now carry on with my speech.

The hon. Member for Aberconwy (Guto Bebb) has referred to my right hon. Friend the Member for Kirkcaldy and Cowdenbeath (Mr Brown) removing, when he was Chancellor, the £5 billion tax break to the insurance industry, which was worth more than £100 million at the time. However, the hon. Gentleman and his colleagues always let slip from their minds the actions of their Iron Lady. I have not seen the recent film on Margaret Thatcher, but I am reliably informed by someone who has that, sadly, it misses out how in 1980 she broke the link with final salaries, thereby hurting 10 million pensioners at the time and millions more since, and that that cost a minimum of £15 billion a year. That puts the £5 billion into perspective. I notice that the hon. Gentleman is no longer in his place; I think he left the Chamber about five seconds after finishing his speech. His train must have been leaving early.

Let me return to the question of why this is an important issue to me and my constituents. I have 13,500 pensioner households in my constituency. We have one of the highest concentrations of pensioners in Europe and the highest amount of single women pensioners in the entire country. About 6,500 claim pension credit in my constituency alone, which is consistently ranked seventh out of all parliamentary constituencies, so hon. Members can see why this subject is so important to me.

My home town of Glasgow is a fairly youthful city compared with others in Scotland. However it has a considerable and growing elderly population. We face large and severe pockets of pensioner poverty—my constituency is, sadly, not immune to that. In addition to the 8% of Scottish pensioners who live in absolute poverty, one in 10 over-65s are classed as "materially deprived". When I was elected for my constituency in 2000, four out of five single pensioner households in Scotland lived on an annual income of £15,000 or less. So hon. Members can understand why I feel that we should not be heading for a race to the bottom on pensions. I want good pensions for those in both the private and public sectors.

I recall a debate in 2002 when the Minister for Universities and Science, complained that the then Labour Government were using misleading tactics. He must share my anger at the current Government's misleading statistics on public sector pensions, for example, the constant use of enormous figures for overall pensions liability. There is a frequent tactic to cite figures as a proportion of a single year of GDP, ignoring the fact that payments on pensions are spread. To listen to the Government, we would think that these pension schemes are all in a ruinous state, but as of 31 March 2010, local government pensions in Scotland had a total of 226,554 active members making contributions, and 158,511 pensioners

and dependants in receipt of payments. The local government scheme in Scotland has funds worth more than £20 billion, which is equivalent to a fifth of Scottish GDP. It could pay out all its pensions for the next 20 years without a single penny more in contributions—there is currently a £300 million surplus.

The reason I am standing up to speak today is that we have to stand up for the pensioners of the future. I believe, as I said in my speech in 2002, that all parties should put aside political points of view and stop their point scoring on pensions to make sure that they represent the people who really count. That offer was refused by those now on the Government Benches. I still make that offer, because I still think that we should all sit down to solve the pension problem as a group, not just as individuals.

Several hon. Members *rose—*

Madam Deputy Speaker (Dawn Primarolo): Order. I am going to have to change the time limit again if we are to get all the speakers in. I am going to reduce it to four minutes from the next speaker. I make the same point as I have made every time I have reduced the time limit, which is that interventions are not included in that calculation. If extra time is added for interventions, some Members will now not be called in this debate. I hope that is clear.

3.23 pm

Katy Clark (North Ayrshire and Arran) (Lab): I strongly welcome the chance to debate this topic. I will focus very much on the Government, rather than on what the SNP Administration in Edinburgh are going to do, because the focus has to be on making sure that we have national schemes that ensure that everybody in this country has a decent pension. The negotiations are happening down here, but the historical reality has been that the Scottish schemes have simply led to a mirroring of whatever has been decided in the national discussions. So people in Scotland are looking closely at what the coalition Government are doing. It would be very unfortunate to do anything other than maximise the pressure on this Government at the moment.

When we have debates on this issue, Government Members all too often raise the appalling situation of private sector pensions in this country. We do need to treat that as a priority, because the loss of manufacturing, the rise of low-paid and insecure jobs in the private sector, and the decision by firms to take payment holidays and by employers to fail to invest in private pensions schemes when times were good have led to so many private schemes coming to an end. As we have already heard, however, on average public sector pensions in this country give people only up to about £5,600 a year. The reality is that those people will not be able to live on that kind of income in retirement.

I believe the debate we need to have is about how to set up schemes in both the private and public sector that ensure we are saving sufficiently both individually and collectively to ensure a decent income in retirement. I am therefore concerned that the Government are moving away from the decision on auto-enrolment, which will happen in May 2015 rather than April 2014. The Government's proposals for public sector pensions mean that people will have to pay more with the 3.2% increase, will have to work longer and will get a worse pension at the end of it.

We have heard a lot about teachers from both the Minister and from the hon. Member for Aberconwy (Guto Bebb) and teachers are a good example. We hear so much about the deficit but this debate is not about that; it is about the long-term arrangements that must be put in place. The Government's proposals are not about the sustainability of the schemes. We must ensure that both employers in the public sector and individuals are putting enough in. The proposals for teachers mean that compared with the current scheme, which costs 20.5% of pay with the employer paying 14.1% and the individual 6.2%, the employer's contribution would be reduced to 10.5%. We are seeing that throughout the proposals put on the table by the Government.

The Government are using the economic situation to cut their contribution, as an employer, to public sector pensions while at the same time increasing the contributions of the worker. Many people will opt out of pension schemes if the proposals go ahead. Let us ensure that over the coming weeks we put pressure on the Government so that they seriously consider public sector pensions and make proposals that will lead to pensions that people can live on.

3.27 pm

Nia Griffith (Llanelli) (Lab): I want to pay tribute to all those public sector workers who work hard, often in gruelling and unglamorous tasks, day in, day out. Some are very highly qualified and have chosen to work in the public sector, passing up opportunities to work more lucratively in the private sector. Traditionally, the pay-off has been job security and pensions. Those who have perhaps not been so lucky as to get many qualifications are often in thankless tasks for which they get very modest pay—cleaners, refuse collectors and so on. They receive low wages and meagre pensions. The average public sector pension of £5,600 and the average for local authority workers of £3,000 are far from the gold-plated myth peddled by the Conservative party and its friends in the media.

Back in 2007-08, there were tough negotiations on public workers' pension schemes, and I am sure that I was not the only Member who received correspondence, particularly from teachers. The then Labour Government entered into dialogue and negotiation, however, and unions played their part responsibly, accepting the need to make public sector pensions sustainable. Changes were agreed. The deal negotiated with the previous Government in 2007 made costs stable, and the National Audit Office described it in the following way:

> "The 2007-08 changes are likely to reduce costs to taxpayers of the pension schemes by £67bn over 50 years, with costs stabilising at around 1% of...GDP or 2% of public expenditure. This"

is "a significant achievement". Before this Government made any changes at all, public sector pensions had both been reformed and made affordable.

I turn now to the division between the private and public sectors, which is a disgraceful way to approach this topic. Frankly, we are all involved in both, whether through family members or people in our communities. John Hannett, the general secretary of the Union of

[Nia Griffith]

Shop, Distributive and Allied Workers—a union that operates entirely in the private sector—says that it supports the strikes:

"We support our colleagues in the public sector in their fight for fair and decent pensions and to protect the services which our members rely on."

We all know that the real scandal is in private sector pensions. Sometimes we are told that the costs or the recession have meant that nine tenths of final salary pension schemes in the private sector, once the most popular arrangement, are now closed. The fact is, however, that the employers have realised that they can get out of their obligations to society and their employees, leaving the taxpayer to pick up the costs of supporting people in retirement.

One of the biggest dangers is that more people will opt out of pension arrangements. There are three main risks associated with that. First, if people earning less than the average are asked to contribute about £80 a month, they will face a terrible choice of either feeding and clothing their children now or paying towards a pension for their retirement. That will leave many short of a pension when they retire.

Secondly, that leaves a huge problem for the state, because of what it will have to pick up. We will be sitting on a ticking time bomb. With private sector pensions going and public sector workers opting out, a huge number of people will be totally reliant on the state in their old age.

Thirdly—a problem for the present day—if people are not contributing now, there will soon be a cash crisis in those pension pots, which is something I do not think has been fully addressed. There will be a present-day shortfall in the money available for paying out to the people who have paid in to their pension schemes. Those are very real problems. Imposing a 3% increase on people in this undemocratic and devastating way is completely unacceptable. It needs a total rethink, and the sooner, the better.

3.30 pm

Mr Iain McKenzie (Inverclyde) (Lab): I think that we all agree that there is an economic crisis in the UK, but it was caused neither by excessive public spending nor by the "gold-plated" pensions and pay of public sector workers. It was caused by a recession triggered by the banking collapse of 2007. Employees in the public sector have been subject to pay freezes and continuous efficiency savings, and time and again they have risen to the challenge and accepted that they need to play their part in these difficult times. They now find the future quality of their retirement is at stake and their much-prized pensions, which are possibly one of the main attractions of a public sector career, will be greatly reduced.

The Government tell us that the average public sector worker will be better off following the change to their pension, but what they quote as average earnings is not what Opposition Members regard as average earnings. Many public sector workers in my constituency of Inverclyde earn nowhere near the average the Government quote and will not be better off with this change in their pension. The Government tell us that we must follow the lead taken on pensions by the private sector, but I believe that that would be a race to the bottom on pension provision.

The private sector visited its pensions long before the world-wide finical crisis hit. It took contribution holidays and savagely stripped employees of decent pensions while excluding new employees from joining final salary schemes. Indeed, I recall my predecessor, the late David Cairns, some time ago naming and shaming a major private sector employer in my constituency over its unacceptable cuts to its pension scheme.

Pete Wishart: We have just discovered that Labour Members are down to a one-line Whip, which means they will not vote on the motion. Surely they could put aside what they describe as their historic hostility to the SNP and do the right thing by public sector workers by supporting the motion. Why are they not backing it?

Mr McKenzie: I thank the hon. Gentleman and will now carry on.

We want to see not an equality of misery in pensions, but fairness. Public sector pensions are not gold-plated, but I accept that they require collaborative review. Instead, public sector workers are being told that they must work longer, pay more and expect less. Trade union leaders who called the strike action on 30 November were branded as militants by Government Ministers, and the Prime Minister described the day of action as a "damp squib"—hardly diplomacy, if they are indeed engaged in negotiations.

We again see the Government promote policies that are hurting but not working, and their plan to guide us out of these difficult times is clearly failing. For Scotland, this is a double whammy, with the SNP Government in Scotland in many ways excelling this Government in the failure league. We need to accept, as the Hutton report did, that public sector pensions are not gold-plated and that many public sector workers, especially women, will retire on an annual pension of around £5,600 a year.

Mr David Hamilton (Midlothian) (Lab): Does my hon. Friend agree that many Labour Members are aghast at the SNP's duplicity? On one hand the SNP is attacking the Opposition, and on the other hand it is putting forward proposals that are draconian, compared with what the Government have done. Indeed, it could do otherwise if it wanted.

Mr McKenzie: I agree. Public sector pensions are not gold-plated, and many, especially women, who work in the public sector will retire on an annual pension of some £5,600—a paltry £100 per week. They ask for fairness in their pensions now if they are not to ask for benefits in their retirement.

3.35 pm

John McDonnell (Hayes and Harlington) (Lab): I just want to make a couple of brief statements, and I apologise for not being present for the opening speeches, but I was actually speaking at a conference on vulnerable workers.

I just ask the Government to let the negotiators negotiate. When the civil service unions attended the schemes' talks this week, they were told what they can and cannot discuss. They cannot discuss pension age, despite the previous assurances that Ministers have

given them. All schemes have to relate to the state pension age, so, even though some schemes may be able to afford a pension age of 65 years old, the Government are refusing to allow them even to negotiate it. The unions are also told that indexation is off the agenda, and that the index has to be CPI, not earnings, as Hutton recommended, or RPI, as currently.

The schemes have to be career-average. The civil service unions are not allowed to discuss contributions, which have to increase by 3.2% so that the average contribution is 5.6%. Costs always have to be within the scheme's limit, but in addition the only transitional protection that they can discuss is 10 years for those aged 50, plus the three to four years of tapering for those just below that age. Even if the unions find savings, they cannot use them in another way for further protection. They cannot discuss Treasury assumptions about the discount rate, actuarial reductions for early retirement or any normal pension scheme issues. They are told also that they cannot discuss the abatement rules, which enable staff to take their accrued pension and work on. They can discuss the accrual rate, but that is all predetermined by the other elements not being open for negotiation.

So, what the civil service unions are allowed to discuss in the negotiations is nothing of substance, and in reality we face further industrial action because the Government will not allow negotiations to take place. The Government take an intimidatory attitude by putting things on the agenda and, if they do not get their way, then taking them off.

I echo what other Members have said about the contempt with which negotiators have been treated. I watched the discussion between the Minister for the Cabinet Office and Paymaster General and Mark Serwotka, the general secretary of the Public and Commercial Services Union, when the Minister accused him of not being at meetings. I now discover that Mark Serwotka was at every meeting that the Minister was at—matched on every occasion. If the Government are not deliberately provoking this dispute, they are walking into further industrial action because of their refusal to allow negotiations to take place.

I have toured around, talking to individual unions, and I have spoken to several union executives this week, but the depth of anger does not come from general secretaries or from executives; it comes from rank-and-file trade unionists, most of whom have never taken industrial action in their lives but all of whom are dedicated to the public service that they seek to provide.

So I just appeal to the Government: start negotiating properly; allow proper discussions to take place; seek to avoid industrial action; stop the abuse—the "damp squib" provocations that the Prime Minister has made; and start telling the truth about what people are going to get, because they are going to work longer, get less and pay more. If we look at the calculations that have been made using the Government's own calculator, we find that no one will get more unless they work for many more years, and teachers and others do not want to work until they are 68 years old just to get some form of pension income that they can live off.

I urge the Government to get back to the negotiating table and to take their restrictions off the negotiations. They are dealing with people who are dedicated to public service, who are willing to settle and who do not want to seek further industrial action. I warn the Government that if they do not negotiate properly, there will inevitably be more disruption and more industrial action—and that the Government will be to blame for it.

3.39 pm

Sheila Gilmore (Edinburgh East) (Lab): I do not intend to repeat the statements about the importance of public sector pensions that have been made so eloquently by many of my colleagues.

I am surprised that SNP Members, who among others have called this debate, have apparently not wanted to speak in it, because only one has done so. However, some of the comments they have made in interventions need to be addressed. It is not true to say that Labour Members have not raised the subject of public sector pensions in this House. Perhaps SNP Members were not here on 30 November to hear what the Leader of the Opposition said at Prime Minister's questions and were not here during the Opposition day debate that followed, when several Members from my party made very strong speeches in support of public sector workers and on the pensions issue.

Moreover, in this week's Opposition day debate on the economy, only one SNP Member was present, for a short time—the hon. Member for the Western Isles (Mr MacNeil). I will not attempt to pronounce the Gaelic name for his constituency because, as a lowland Scot, Gaelic is not native to me, and I am not going to pretend that it is. That was the extent of their interest in debating the economy and the issues that are so important in underpinning this debate on pensions, because unless we get the economy right, we will be in some difficulty. Today, several SNP Members left the Chamber early, presumably to put out their press releases to say how they had raised this important issue, but in reality they have not.

In the motion, SNP Members condemn the coalition Government for not being prepared to give them the money directly so as to be able to relieve some, but by no means all, public sector workers in Scotland of the contribution increase. They cannot have their cake and eat it within the system. They cannot have the Barnett consequentials when they like them and decide that they do not want them when they do not like them. Yes, it would be different if they achieved independence, although at that point we would have to ask, "How are you going to afford all the things that you say you are going to afford?"

David Mundell: Is the hon. Lady as surprised as I am that we have not heard a single mention of independence from SNP Members? As I understood it, that was their solution to all the pension issues in Scotland.

Sheila Gilmore: I suspect that in the fantasy world of the debate on independence, as it tends to be, SNP Members would indeed say that that is the answer, but they have to know how they would fund that and about issues to do with tax and making people as well off as possible.

During the SNP Member's brief appearance in Tuesday's debate on the economy, he kept talking about the Scandinavian economies. Of course, in the Scandinavian economies there is a very different view of taxation. It is

[Sheila Gilmore]

disingenuous of the SNP to want to pose as a low-tax party and tell people that they can have wonderful public services and, at the same time, council tax freezes—which, by the way, are very regressive because they most benefit the people who are best off. The SNP has to decide where it wants to be. It deliberately put such a sentiment in the motion because it wants to be able to say that Labour Members will not support it.

We are in support of public sector workers. We do not think that what the Government are doing is right. We feel, very strongly, that we have to stop what this Government are doing, which is constantly to pit one group of workers against others. They are setting public against private, setting people in work against people who are out of work, and stirring up what I heard described on two occasions on Radio 4 at the weekend as an atmosphere of anger and bitterness. In the discussions on phone-in programmes about what is happening, all the clips were of people shouting at each other, saying, "Why should I, as a private sector worker, pay for your pension?" No commentator said, "Where is that anger being generated from?", but it is being deliberately stirred up by this Government—

Mr Deputy Speaker (Mr Nigel Evans): Order. I am sorry, but we have to start the wind-ups now.

3.44 pm

Dr Eilidh Whiteford (Banff and Buchan) (SNP): This has been a wide-ranging debate and I think that there is agreement across the House that pension provision in the long term needs to be affordable, sustainable and fair, not just for public sector workers but for all old age pensioners.

Although we agree on those long-term objectives, the central contention of the debate has been that the short-term measures to reduce the deficit will hit public sector workers but be of no benefit to them. The issue at the heart of the debate is that the proposed 3.2% increase to public sector pension contributions is a straightforward cash grab by the Treasury on public sector workers. It has nothing to do with building long-term sustainability into our pensions system, but is unequivocally a short-term measure to cut the deficit.

Several hon. Members have pointed out that this is not fair and not affordable for a public sector work force who are already feeling the full effects of austerity measures that have gone too far, too fast. Most public sector workers are facing a two-year pay freeze, a 1% pay rise in 2013, increases in VAT and national insurance, and inflation of more than 5%. The cost of their essentials, such as heating, food and fuel, is going through the roof. The pressure on household budgets is intense and is getting worse.

In that context, increasing pension contributions for short-term gain is just the wrong thing to do. It is being done at the wrong time, for the wrong reasons and in the wrong way. It carries the risk that large numbers of people, especially part-time workers, will drop out of schemes altogether because of the immediate financial pressures that they face.

I think, and most Members on both sides of the House agree, that public sector pensions matter. They matter to the one in five people who are directly affected. They matter to the rest of us who depend on public services and who realise that our public service work force are critical to the delivery of high-quality services. Above all, they matter to all of us who care about the welfare of older people in retirement. All of us want to enjoy a decent level of income. For parts of the country that have a high dependency on the public sector work force, the issue is even more acute.

David Mundell: What I do not understand about the hon. Lady's logic is that the Scottish National party has said that it wants to have a referendum on independence for Scotland in the next four years. The area on which that would most significantly impact is pensions and pensioners, yet in her contribution and in the contributions of her fellow SNP Members, we have heard nothing about independence or about how pensions would be provided, guaranteed or sustained in an independent Scotland.

Dr Whiteford: I refer the right hon. Gentleman to the Order Paper and the motion that we are debating. It will come as no surprise to anybody in the House that I believe in independence—I am an SNP Member. However, we are talking about public sector pensions and the Government's proposals. It might be a nice distraction for the Government to talk about other issues that are equally relevant to Scotland's future.

One of the most disappointing things about this debate has been that the Government have tried to defend their proposals by constantly highlighting the disparity between public and private sector pensions. We owe a debt to the hon. Member for North Ayrshire and Arran (Katy Clark) for pointing out the detrimental state of private sector pensions. When the Government responded to the interim Hutton report, my understanding was that they accepted its conclusion that pensions should not become a race to the bottom. However, speaker after speaker on the Government Benches has resorted to the argument that because private sector pensions are really poor, public sector pensions should be levelled down. That will not in any way address our pensions challenge. It is not sustainable and it is not fair to anyone in the private or public sector.

We have some of the highest levels of pensioner poverty in Europe. Currently, 30% of pensioner households and a massive 43% of single pensioners, most of whom are women, are in receipt of income-related benefits, whether that is pension credit, housing benefit or council tax benefit. Having large numbers of older people on means-tested benefits is not the way to do things. It is the price that we pay for poor pension provision. It is not an efficient way to support people in retirement.

The other big myth that has been well and truly blown out of the water today is that public sector pensions are gold-plated. Quite simply, they are not. Member after Member has pointed out that most public servants retire on modest incomes. The PCS points out that its average member's pension is only £4,200 year. That is £80 a week, which is only £4 above the Government's pensioner poverty figure. If such people's pensions are reduced or they opt out because of the new conditions and contribution increases, it will simply put the burden back on means-tested benefits to keep people out of abject poverty in their old age.

In local government, in which 67% of the work force are women, the average woman's pension is only £2,800 a year. Almost half of local government workers are on pensions of less than £3,000, and even in the NHS, in which salaries are much higher because of the professional qualifications involved, three quarters of members are still on pensions of less than £9,000 a year.

The Government have tried to sell us their proposals on the basis that low and middle-income earners will be protected from contribution increases, and may even be better off as a result. That is one of their key claims. However, because of the switch in indexing from RPI to CPI, all public sector workers will lose out in the longer term, and they will all be working longer. That indexing switch has been mentioned in the debate, and I am sorry that more Members did not vote against it when they had the chance to do so back in February. They have a chance to rectify that now, and I hope that they will support us in the Lobby today.

Perhaps the most misleading aspect of the Government's approach to the contributions increases is that they have said there will be protection for low-paid workers. As the Minister admitted earlier, the contributions of part-time workers will be calculated on the basis of full-time equivalent salaries, which will have massive implications for women, who make up the vast majority of part-time workers. About 32% of the women in our work force work part-time so that they can combine employment with unpaid work in the home or looking after others.

The Government have said that workers on incomes under £15,000 will not pay increased contributions, and that other low earners on up to £21,000 will pay reduced contributions, but when we look at the small print, we see that those thresholds, calculated on the basis of full-time equivalent salaries rather than their actual take-home pay, will mean that even professional people such as nurses and teachers who work part-time will have their pension contributions increased.

Mr Reid: But in Scotland, the Scottish Government decide the pension contributions of teachers, health service workers, local government workers, the police and firemen. If the hon. Lady believes in her argument, does that mean that when the SNP implements the contribution increases in Scotland, it will make an exemption for low-paid part-time workers?

Dr Whiteford: I am grateful to the hon. Gentleman for allowing me to point out two things. The first is the Scottish Government's living wage, which has been raised to £7.20. That will significantly protect the household income of low-paid workers. The second and more substantial is the role of the Scottish Government in the matter. There has been a lot of chat around the Chamber about the room for manoeuvre that the Scottish Government do or do not have. Let me make it clear that the Chief Secretary to the Treasury wrote to the Cabinet Secretary in Scotland, John Swinney, pointing out that the Treasury would cut the budget by £8.4 million a month—that is half a billion pounds over the spending review period—if the Scottish Government did not impose the pension increases.

Mr David Hamilton: Will the hon. Lady give way?

Dr Whiteford: Not at the moment.

The unions recognise that the Scottish Government have very limited room for manoeuvre. Their choice is very simple: they impose the increases or take the money out of another part of the budget, in other words pay twice. It is clear that even if the Scottish Government were to ignore the requirement and tried to find the money from somewhere else, the Government would cut that money from the budget.

Mr Hamilton: Will the hon. Lady give way?

Dr Whiteford: Not on that point.

I am grateful to the hon. Member for Hayes and Harlington (John McDonnell) for pointing out the approach that the Government have taken in the negotiations with the trade unions. It seems to me that they have used a similar approach with the Scottish Government, whose choice has been limited. They have been dictated to, and there has not been a basis for a sensible, grown-up negotiation.

Another point made in the debate has been about the Scottish Public Pensions Agency. The key point is that it was not recommendations that were put forward but a series of theoretical options. That was part of the process of the Hutton consultation, and it was quite proper for the Scottish Government to set out a range of theoretical positions. I am sorry that that has dominated the debate so much.

We all recognise the challenges of pension reform, but we want it to be done in a truly equitable way that does not encourage a race to the bottom. We have to acknowledge the progress that has already been made to put public sector pensions on a more sustainable footing and the mechanisms that already exist, but punishing public sector workers through a short-term tax grab will do absolutely nothing to tackle the inadequate pension provision in the private sector. It is nothing but a tax grab, and it is disappointing that the Government have relied so heavily on the arguments that we have heard today. In tough times, all people realise that they have to take a share of the pain, but public sector workers do not want to carry the can.

3.54 pm

The Parliamentary Under-Secretary of State for Wales (Mr David Jones): This has been a lively and at times impassioned debate—quite understandably, because the issue that we have been discussing is of the most extreme importance.

I should like to put a number of matters squarely on record at the very start of my remarks. First, I wish to make it absolutely clear that Government Members greatly value the services that the public sector performs, both in contributing to the economy of this country and in providing the services that each and every one of us needs. To suggest that we do not is grossly to misrepresent the case.

Secondly, I wish to object most strongly to the expression "gold-plated pensions", which has been bandied about on the Opposition Benches. No one on the Government side of the Chamber is in any way suggesting that public sector workers enjoy gold-plated pensions—I have not heard that expression voiced by Government Members. Nevertheless, it was clearly a deliberate tactic on the part of Opposition Members to misrepresent the position by suggesting that Government Members regard the public sector as feather-bedded—we do not.

[Mr David Jones]

The fact of the matter, as one hon. Member mentioned some time ago, is that this time bomb has been ticking for a very long time indeed. The previous Government sought to address it but did so only partially. This Government are taking the difficult decisions that will be needed to put public sector pensions on to a sustainable footing for the years to come.

The hon. Member for Arfon (Hywel Williams), who opened the debate, suggested that it was positively Government policy for public sector workers to work longer, pay more and get less in return. The fact is that the Government's proposals are aimed at ensuring that this generation and future generations of public sector workers receive pensions that properly reward their efforts after a lifetime's work.

I echo the congratulations offered on the arrival of Jack and Rosie, the grandchildren of the hon. Member for Central Ayrshire (Mr Donohoe), but I should point out that they will benefit from the Government's proposals. As the hon. Gentleman says, at the age of 70 they will require sustainable pensions, and they will thank this Government for taking the necessary decisions to put pensions on to a sustainable footing.

Lord Hutton's analysis—many hon. Members said that they agreed with the general thrust of his report—shows that there are three drivers for reform, the first and most important of which is longevity. The average 60-year-old in this country will live 10 years longer than the average 60-year-old in the 1970s lived. Over the same period, the annual cost of public service pensions has increased by a third—it reached £32 billion last year. That simply must be addressed.

The second driver is flexibility, because public sector pension provision no longer reflects how the modern labour force work and live. The third driver is fairness, which is also important. The current schemes, which are predominantly final salary schemes, mean that lower-paid public sector workers effectively subsidise the pensions of the higher paid.

The reforms implemented by the previous Labour Government have not been sufficient to reverse the huge increase in the costs of public sector pension schemes as a consequence of increased longevity. The position is straightforward: either public service pensions are reformed, or our children and grandchildren—Jack and Rosie—will bear the cost of a virtually unsustainable financial benefit.

Mr Bain: The OBR fiscal sustainability report, which was published in July, makes it quite clear that public sector pensions are affordable. I refer the Minister to the chart that illustrates that the public sector pension share of gross domestic product will fall to 1.6% by 2060. Surely that does not tie up with his last remark.

Mr Jones: I refer the hon. Gentleman to the comments of Lord Hutton, who pointed out that his commission felt that there was a rationale for short-term cost savings in recognition of a substantial, unanticipated increase in longevity. In practice, these savings can be realised only by increasing member contributions. To suggest that it is impossible to address this problem in any way other than by increasing contributions is frankly fallacious and deceitful, and the Opposition know that.

The hon. Member for Arfon and others asked what negotiations were taking place. It is important to put it on the record that my right hon. Friend the Secretary of State for Health has met the NHS unions today, and my right hon. Friend the Minister for the Cabinet Office is also meeting the civil service unions later today. Negotiations are indeed proceeding apace, and to suggest that they are not—as the hon. Member for Hayes and Harlington (John McDonnell) did—is wrong.

The hon. Member for Angus (Mr Weir) claimed that 27% of workers will leave public sector pension schemes as a result of increased contributions. The Government have set out that those earning less than £15,000 will see no contribution increase whatever, and those earning less than £21,000 will see a maximum increase of 1.5 percentage points by 2014-15.

Nia Griffith: Does the Minister understand that that £15,000 limit is the full-time equivalent salary? If a person works fewer hours and earns only £8,000, but on a salary that full-time would come out as £16,000, they will pay increased contributions?

Mr Jones: Of course, that is indeed the case, as it was under the proposals that the Labour Government put forward. The fact of the matter is that it will not be the case that 27% will leave pension schemes. In fact, the independent Office—

Mr Weir: That is not what I said. I quoted a survey of FBU members which said that 27% may leave that scheme.

Mr Jones: I can do no better than refer the hon. Gentleman to the Office for Budget Responsibility, which indicated that 1% would opt out.

There is no doubt that this debate has raised passions, and that is understandable, but the Government's aim is clear. We will do our best to ensure that public sector workers will continue to have access to pension schemes that are guaranteed, index-linked and inflation-proofed. In the current economic climate, there are many other workers who would be only too grateful to have a similar benefit. Most public sector workers will see no reduction in the pension that they receive, and some indeed will receive larger pension income on retirement than they would otherwise—

Stewart Hosie *claimed to move the closure (Standing Order No 36).*

Question put forthwith, That the Question be now put.

Question agreed to.

Main Question accordingly put.

The House divided: Ayes 11, Noes 242.

Division No. 410] **[4.3 pm**

AYES

Corbyn, Jeremy
Hopkins, Kelvin
Hosie, Stewart
Llwyd, rh Mr Elfyn
Lucas, Caroline
MacNeil, Mr Angus Brendan
McDonnell, John
Robertson, Angus
Weir, Mr Mike
Whiteford, Dr Eilidh
Williams, Hywel

Tellers for the Ayes:
Pete Wishart and
Jonathan Edwards

NOES

Adams, Nigel
Afriyie, Adam
Amess, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Bacon, Mr Richard
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Baron, Mr John
Beith, rh Sir Alan
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Blunt, Mr Crispin
Boles, Nick
Bottomley, Sir Peter
Bradley, Karen
Brake, rh Tom
Brazier, Mr Julian
Brine, Steve
Brokenshire, James
Brooke, Annette
Bruce, Fiona
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, rh Mr Simon
Burstow, Paul
Burt, Lorely
Byles, Dan
Cable, rh Vince
Cairns, Alun
Carmichael, rh Mr Alistair
Carmichael, Neil
Cash, Mr William
Chishti, Rehman
Chope, Mr Christopher
Clappison, Mr James
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Cox, Mr Geoffrey
Crabb, Stephen
Crockart, Mike
Crouch, Tracey
Davey, Mr Edward
Davies, David T. C. *(Monmouth)*
Davies, Glyn
Davies, Philip
de Bois, Nick
Djanogly, Mr Jonathan
Dorrell, rh Mr Stephen
Doyle-Price, Jackie
Duddridge, James
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Jonathan
Fallon, Michael
Featherstone, Lynne
Foster, rh Mr Don
Fox, rh Dr Liam
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Gale, Mr Roger
Garnier, Mr Edward
Gauke, Mr David
Gibb, Mr Nick
Gilbert, Stephen
Glen, John
Goldsmith, Zac
Graham, Richard
Gray, Mr James
Grayling, rh Chris
Green, Damian
Greening, rh Justine
Gyimah, Mr Sam
Halfon, Robert
Hames, Duncan
Hancock, Matthew
Hands, Greg
Harper, Mr Mark
Harris, Rebecca
Hart, Simon
Harvey, Nick
Haselhurst, rh Sir Alan
Heald, Oliver
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Herbert, rh Nick
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hollobone, Mr Philip
Holloway, Mr Adam
Hopkins, Kris
Horwood, Martin
Howell, John
Hughes, rh Simon
Huppert, Dr Julian
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Jenkin, Mr Bernard
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Lancaster, Mark
Laws, rh Mr David
Leadsom, Andrea
Lee, Jessica
Leigh, Mr Edward
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Lidington, rh Mr David
Lilley, rh Mr Peter
Lopresti, Jack
Lord, Jonathan
Lumley, Karen
Macleod, Mary
Main, Mrs Anne
Maude, rh Mr Francis
May, rh Mrs Theresa
Maynard, Paul
McCartney, Jason
McCartney, Karl
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Menzies, Mark
Mercer, Patrick
Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Morgan, Nicky
Morris, David
Morris, James
Mowat, David
Mundell, rh David
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Norman, Jesse
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Ottaway, Richard
Patel, Priti
Pawsey, Mark
Penning, Mike
Penrose, John
Percy, Andrew
Phillips, Stephen
Pincher, Christopher
Poulter, Dr Daniel
Prisk, Mr Mark
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Rees-Mogg, Jacob
Reevell, Simon
Reid, Mr Alan
Rifkind, rh Sir Malcolm
Robathan, rh Mr Andrew
Robertson, Mr Laurence
Rogerson, Dan
Rosindell, Andrew
Ruffley, Mr David
Russell, Bob
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Sharma, Alok
Shelbrooke, Alec
Skidmore, Chris
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Soames, rh Nicholas
Soubry, Anna
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stanley, rh Sir John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Mr Graham
Sturdy, Julian
Swayne, rh Mr Desmond
Swinson, Jo
Syms, Mr Robert
Timpson, Mr Edward
Tomlinson, Justin
Truss, Elizabeth
Turner, Mr Andrew
Tyrie, Mr Andrew
Vaizey, Mr Edward
Vara, Mr Shailesh
Vickers, Martin
Walker, Mr Charles
Walker, Mr Robin
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
Wiggin, Bill
Willetts, rh Mr David
Williams, Mr Mark
Williams, Roger
Williams, Stephen
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Jeremy
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Noes:
Norman Lamb and
Mr Robert Goodwill

Question accordingly negatived.

Local Government Ombudsman (Amendment) Bill (Money)

Queen's recommendation signified.

4.16 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Robert Neill): I beg to move,

That, for the purposes of any Act resulting from the Local Government Ombudsman (Amendment) Bill, it is expedient to authorise the payment out of money provided by Parliament of any increase attributable to the Act in the sums payable under any other Act out of money so provided.

Going back to yesterday's debate, I appear to be the "accredited person" to move today's motion. I see that my hon. Friend the Member for North East Somerset (Jacob Rees-Mogg) is not in his place today, but this is a private Member's Bill moved by my hon. Friend the Member for Christchurch (Mr Chope), so this is a unique debate.

We are debating the motion because the Government are keen that the Bill in its amended state should move forward. The passing of a money resolution is an important step in that process. The costs to local authorities of implementing the new duties in the Bill—to give written notification of decisions and to review the decisions—are seen as a new head of expenditure to be met out of the grants that local authorities already receive from central Government. Similarly, any increase in the administrative costs of the local ombudsman service associated with the Bill will be seen as a new head of expenditure to be met from the grant that the ombudsman receives from central Government to fund the organisation. The motion refers to payments under other Acts being increased as a result of the Bill, because, technically, a new head of expenditure is a notional increase for the purposes of Commons financial procedure, even though it might not, in fact, give rise to an increase in expenditure.

Against that background, I pay tribute to my hon. Friend the Member for Christchurch for his work on the Bill. I thank him for working so constructively on the proposed amendments, which mean that I can confirm the Government's intention to support it in its amended state. The Bill was last debated on 18 March. At that stage, the Government were unable to support it. However, it received its Second Reading and the amendments made since make it acceptable to the Government.

We think that the Bill will perform a valuable function. It is right that if a local authority decides to stop or impose restrictions of the kind referred to, the reasons should be set out in writing. There should also be an appeals mechanism if the decision is a negative one. The fast-tracking procedure is helpful. We think that the costs associated with the Bill are, in fact, negligible.

4.19 pm

Roberta Blackman-Woods (City of Durham) (Lab): I do not want to detain the House unduly. We do not wish to vote against the motion, although I should say that the Bill is being proposed at rather an interesting time. Both Houses of Parliament spent an enormous amount of time debating the Localism Bill, to which many amendments were tabled but were rejected by the Government on the grounds that they would impose additional burdens and costs on local authorities. It seems odd, to say the least, to find that the Government support a Bill that will definitely place additional responsibilities and costs on local authorities. I also believe that, in this age of localism, the Government are displaying some extraordinarily centralising tendencies, on which the Minister may or may not wish to comment.

Robert Neill: At risk of prolonging proceedings, may I say that the hon. Lady will understand that the Government can support the Bill because the amendments, effectively mean that a local authority will be obliged in stating its reasons to put in writing the product of a process that it must have gone through in any event? We are simply asking authorities to record and set out what they will already be doing as a matter of good governance, so the costs and burdens are rather negligible.

Roberta Blackman-Woods: Well, that remains to be seen. I do not think it is a good idea to legislate on the basis of chance and hope.

It is important, however, that the Bill proceeds to be debated properly in Committee. There are an enormous number of health and safety issues, and Opposition Members are concerned to ensure that citizens are adequately protected. We are also concerned to ensure that extra burdens are not placed on local authorities, especially at a time when they are the subject of such stringent cuts from central Government. We think that is a most unfair approach.

We will not oppose the motion. We want the Bill to go into Committee for thorough discussion, but I must make it clear that that does not mean that we support its provisions in any way.

4.22 pm

Mr Christopher Chope (Christchurch) (Con): I am sorry that this debate is limited to 45 minutes, but I am delighted that the Government have moved this motion and that they support the Bill. The Minister might have confused someone following our proceedings when he said that the amendments made the Bill acceptable to the Government. My hon. Friend is jumping the gun, because the Bill before us is as printed; it has not yet been the subject of any amendments. It will be for the Committee to decide whether the Bill should be amended. In due course, if it goes through Committee and comes back here on Report, it will be for the House to decide whether the Bill is in a form that it can accept.

It is unfortunate that there has been such a significant delay between Second Reading on 18 March—consideration was not completed on that date, but the Bill received a Second Reading in June—and the subsequent period, during which we have been waiting for the money resolution. Without a money resolution, a Public Bill Committee cannot consider a private Member's Bill that requires such a resolution or even to get the issue before the Committee of Selection. A Committee to look at the Bill cannot be set up unless the Government deign to introduce a money resolution.

It used to be the custom and practice that a money resolution for a private Member's Bill that had been given a Second Reading would, as night follows day, be introduced by the Government within a short period thereafter, enabling the House to proceed with the Bill

by setting up a Committee for its detailed consideration. What is happening now, however, and has been happening throughout this long first Session of the current Parliament, is that the Government are using their power in relation to money resolutions effectively to curtail the private Member's Bill process. There have been times when not a single private Member's Bill has been in Committee, because the Government have been using the money resolution procedure as, in effect, a veto.

As you know, Mr Deputy Speaker, I am inherently supportive of my hon. Friend the Minister, and I do not want anything I am saying to be interpreted as being particularly critical of the Government. If they are indeed enthusiastic about the Bill, however, it is a pity that it will go into Committee, at best, shortly before the very last private Member's day. It seems as though the Government are able to have the best of both worlds. They are able to say that they support the Bill, but by delaying the money resolution—although I accept that we are discussing it now—they are delaying its progress and implementation.

Today is something of a red letter day. This is my first private Member's Bill that has secured a Second Reading, it is the first that will be given a money resolution—I am anticipating the House's decision—and it will, I hope, be able to go into Committee. I am grateful to all my colleagues who have supported it. I am also encouraged by the fact that the Minister does not think that it will cost anything. He said in his speech that the motion was technical, and would not result in significant additional public expenditure. The whole purpose of the Bill is to reduce the burden of public expenditure and regulation on ordinary members of the public, and I should have been concerned if the resolution had been required in order to increase it significantly. I take the point made by the hon. Member for City of Durham (Roberta Blackman-Woods) in that regard.

I am delighted that we have at last been given the chance to adopt a money resolution, and I hope that the motion will be carried without the need for a Division. I look forward to working with Members in all parts of the House in due course to establish whether the Bill can be improved in Committee in a way that will satisfy my hon. Friend the Minister, but he must not anticipate matters and assume that it has already been amended, because it certainly has not been.

4.28 pm

Mr Clive Betts (Sheffield South East) (Lab): It is rather an unusual experience to hear the hon. Member for Christchurch (Mr Chope) support a private Member's Bill in the Chamber. He generally has another function in life: to prevent new rules and regulation contained in private Members' Bills from being inflicted on people.

I want to raise two issues. First, discussing a money resolution relating to a Bill giving new powers to a person who does not currently exist is a slightly strange experience. I understand that there is no local government ombudsman at present, which is a matter of concern to me. The other day I received a letter from the permanent secretary at the Department for Communities and Local Government, Sir Bob Kerslake—in response to a letter I sent to the Secretary of State—which provided the helpful explanation that the process for appointing an ombudsman had been halted because the Government were reconsidering the nature and focus of the post in the light of last July's public services White Paper.

We have all experienced appointment procedures in which the candidate was not deemed suitable, there was disagreement about the candidate, or we reviewed what the candidate should be doing in the light of the appointment process itself. That appears to be the case in this instance, but the difficulty is that the interviews for the post were held in February. The Select Committee on Communities and Local Government was due to hold hearings to ratify the appointment, but it was only in November that the Government decided to terminate the process. That is nine months of dealing completely inadequately with an appointment to an extremely important position.

Mr Chope: The hon. Gentleman's criticism of the Government rather mirrors mine of the delay in tabling the money resolution. In the light of his concern and interest, would he be willing to serve on the Public Bill Committee to look at the measure in more detail?

Mr Betts: I will come on to my concerns about the Bill in a second.

Mr Deputy Speaker (Mr Nigel Evans): Order. We are not here to discuss the Bill. We are just discussing the money resolution, which is rather narrow.

Mr Betts: Yes. I made my point about the ombudsman, because there are concerns about the delay to the service itself. Candidates have been waiting for nine months, and that is not an acceptable way of proceeding—I wanted to put that on the record.

I understand your strictures, Mr Deputy Speaker, about the money resolution and not discussing the Bill. However, I return to what the Minister said about not envisaging the measure costing anything to local authorities. There is potential for costs and the spending of extra money precisely because of the way in which the Bill is drafted and how it deals with the extension of powers relating to health and safety. It creates a relationship between the ombudsman and the local authority that is different from the relationship in any other matter that an ombudsman considers. On any other matter, the ombudsman can produce a report that an authority is bound to consider and tell the ombudsman what action it will take, but in this instance there is no requirement for the authority to act in line with the ombudsman's recommendations.

As drafted, the Bill includes a clear right of redress for the ombudsman against local authorities, including the ability to compel them to pay compensation to event organisers for events that are unreasonably banned or restricted. That is where money comes in. The power that is granted in respect of that issue is different from the power in other issues with which the ombudsman deals. The power to spend the money does not rest with the local authority—it effectively rests with the ombudsman—so we are almost giving a blank cheque or an undetermined ability for the ombudsman to decide in any case how much the local authority should pay in compensation, with the cost to local council tax payers determined by an unelected official, rather than elected councillors.

[Mr Betts]

That is a fundamental issue of public expenditure that the Bill, as drafted, opens up. The Minister may discuss amendments, but the promoter has said that the Bill has not been amended yet. As drafted, that is precisely what it would do, and I have serious concerns about it. The Minister cannot say that under the Bill as drafted there are no spending commitments, but he can say that there are potential spending commitments, which will be determined by unelected people. The counter-argument might be that, as the measure applies only to events that have been unreasonably banned there is a right for judicial review—in which case, why do we need the Bill? However, there is the potential for money to be spent.

Mr Chope: The hon. Gentleman will be reassured to learn that the amendments I have in mind will address his concerns about costs, and I hope that that is a consolation for him.

Mr Betts: I am more than happy to accept the hon. Gentleman's assurance—perhaps that is what the Minister was alluding to. However, it is rather difficult to debate the Bill as drafted when there are amendments of which we are not aware that would alter its capacity to incur public expenditure. That is what we are addressing and, on that point, I shall conclude.

4.34 pm

Robert Neill: I thank the Members who have contributed to the debate, and I wish to set their minds at rest.

I am grateful to my hon. Friend the Member for Christchurch (Mr Chope) for his comments. I am sure he agrees that he and officials from my Department have had a chance to hold constructive discussions in the time that has elapsed since the Bill was last before the House, and that he will therefore be able to propose amendments to which the Government will be happy to lend their support.

I also think the concerns of the hon. Member for Sheffield South East (Mr Betts) about costs will be allayed. Although I am always loth to correct the hon. Gentleman, who is Chair of the Communities and Local Government Committee, he will appreciate that the functions of the local government ombudsman, as we call that post, are legally carried out by the Commission for Local Administration in England, and, while the post of chair of that commission is vacant, two commissioners are still in place, Dr Jane Martin and Ms Anne Seex, and Dr Martin is the acting chair of the commission so there is, effectively, a local government ombudsman in place and able to fulfil those functions.

Question put and agreed to.

Low Dose Naltrexone

Motion made, and Question proposed, That this House do now adjourn.—*(Angela Watkinson.)*

4.38 pm

Nia Griffith (Llanelli) (Lab): First, I want to make it clear that this debate is not about fighting for a very new and expensive drug. Campaigns about drugs are often brought to the attention of Parliament because a patient is fighting to be allowed to have a new and expensive treatment on the NHS. Some of these new drugs are not just expensive because they are new; because of the complex processes required to make them, they will, in fact, often continue to be expensive to produce. Such situations raise dilemmas for decision makers about how access to such drugs can be funded.

This debate is about a very different problem: making an existing drug that is modestly priced available for the treatment of a wider range of conditions. Clinical trials are needed to get full approval for the drug under discussion, but I ask the Minister to consider whether there is any possible way in which it could be made more widely available.

Sometimes patients are faced with unacceptable options for treatment and find themselves researching possible new treatments. That is usually a road that leads to disappointment, but occasionally something useful is stumbled upon, such as low dose naltrexone, or LDN. The problem is that it is what is called an "orphan drug", which means its patent has expired, so if someone does research on it, a generic manufacturer can subsequently steal the business.

I understand that naltrexone is proved safe in its normal mode of use, and now has a clinical history of 11 years of use in the UK with no problems reported and only minor side effects. LDN is also very low cost, and can be used to treat many conditions that are both chronic and often very expensive to treat with more conventional remedies. Sometimes those more conventional remedies have severe side effects, which then have to be treated with more expensive drugs.

The purpose of this debate is to ask how a drug such as LDN could be made available to patients who ask for it. The most desirable route would be via clinical trials leading to marketing authorisation and then official acceptance from the National Institute for Health and Clinical Excellence and the NHS. A much cheaper and more immediately practical route is to recognise that LDN is a safe choice for patients without many of the risks of drugs currently in use. Doctors could therefore be given official advice not to deny it to patients who want it or wish to acquire it from pharmacists who make it as a "special" at a fair price. There could also be a mechanism for protecting doctors and allowing patients choice. At present, doctors are in a difficult position. If they prescribe anything that is not on an official list, they leave themselves open to criticism, as well as to being sued and possibly losing their right to practise.

The third route is to get it listed as an over-the-counter drug, such as aspirin or paracetamol. I understand that it is considered safer than paracetamol which is sold over the counter, so this might be a reasonable option that would make prescription very easy.

Annette Brooke (Mid Dorset and North Poole) (LD): I congratulate the hon. Member for Llanelli (Nia Griffith) on securing this debate. I am sure that, like me, she has a number of constituents who are benefiting from this drug—I refer particularly to members of the Purbeck and Wareham multiple sclerosis group. It is so frustrating that they cannot get hold of something, through the NHS or in some form that is easily accessible, given that it is definitely making a difference to their lives. I am sure that she would agree that there is a fear that they might not be able to get it one day. What do they do then?

Nia Griffith: The hon. Lady is quite right. These people fear that if they change from one GP to another, or if people are less sympathetic towards this drug—obviously this is something that people have to be convinced about—they may well not be able to get hold of it. Unless there is some form of authorisation and some form of making it an official drug that is more widely available, they do run the risk that she describes.

The problem is that many patients feel let down because what they see as perfectly good therapies, which are cheap but out of patent, are being withheld when patients want them. When doctors cannot refuse a patient's choice, they can still deny it to them, because clearly the issue of their professional conduct is involved. If the NHS recommends another treatment, quite possibly one that costs thousands and has drug company support, it is often difficult to get the research done to prove the validity of a drug such as LDN.

Some 5,000 people in the UK with multiple sclerosis use LDN, and a few thousand more use it for other conditions, such as Crohn's disease, cancers, fibromyalgia, autism and so on. Their GPs usually prefer not to sign NHS prescriptions for LDN—indeed, they may refuse to do so—but there are instances of GPs then charging patients for private prescriptions, explaining that they are worried that NHS prescribing guidelines would prohibit them from prescribing LDN and so they would end up in serious trouble if they did so. One GP in Glasgow who prescribes a lot of LDN was reported to the General Medical Council for doing so recently. My constituent Andrew Barnett has told me that his GP has said that his lawyers advised against it, so he writes my constituent a private prescription and charges him £8.50 a quarter for doing so. My constituent then also has to pay for the LDN itself, at a cost of £17.50 a month.

Some 100,000 people in the UK have MS, only 12% of whom use drugs offered by the NHS. Some of the drugs available are risky and very expensive, and there are questions about how effective they are. Yet some 5% of MS sufferers choose to use LDN, because they feel that it helps them and does not have the risks of some other treatments. LDN has proved to be safe in trials at very high doses, but it is unpromoted and hard to get. Because people are now making this choice, there must be a way to get this treatment legitimised on the NHS for patients who ask for it. However, we are told that without substantial trials that is not possible. It is very difficult to find a way to fund any such trials because the drug itself is already licensed and therefore drug companies would not be able to recoup the cost of funding the research by marketing the drug; there would be no money in it for them.

We live in an age where information, including real scientific papers and trials reports, is easily available. Patients who are really determined to make the most of their lives, despite terrible illnesses, and who have the wherewithal to look into the research do seek out information and solutions. We have been using LDN in the UK for some 11 years. Naltrexone has been trialled at high doses to treat heroin addiction and is known to be safe, so the only real thing missing is the marketing authorisation from the Medicines and Healthcare products Regulatory Agency—MHRA—for a formulation of low-dose naltrexone, perhaps in liquid or capsule form. A trial would add proof—or not—of its efficacy.

The cost of a trial is probably considerably lower than the cost of a high-tech drug, because the drug itself is so cheap. Estimates suggest that a single trial can be done with some £7 million, but that is just an estimate based on £1,000 per patient a year for the monitoring specialists, plus up to £3,000 a year per patient for LDN. There would be the costs of recruiting 500 to 800 patients and then something to cover the analysis of the results.

There are no systems available, however, for patients to translate their choice of therapy into a legitimate request, even when they vote with their feet in large numbers. Doctors do not see any danger in the choice except that they worry they might be denying people a more effective option, but, as patients have pointed out, if they need what is perceived to be a more effective option, they can take it alongside LDN anyhow.

My constituent Andrew Barnett, who is highly intelligent, scientifically minded and analytical, has made the assessment that LDN seems to have stopped his disease developing further. The constituents of the hon. Member for Mid Dorset and North Poole (Annette Brooke) have confirmed the same belief. My constituent regrets very much that he did not start using it earlier. If he had done so, perhaps some five years ago, he feels that he would still be working and contributing actively to the economy.

Doctors have to be able to say no to treatment choices for the sake of the patient, but when they have no reasons to deny an option, as is the case with LDN, that should not happen. We should try to ensure that we enable them to prescribe LDN. Doctors all tell us that without the trial, they do not have the confidence to prescribe, so patients face the potential loss of supply of prescriptions if they change doctor, quite apart from the cost of private prescriptions, which is hurtful for many patients who have been reduced to living on income support by sickness or disability.

So, the substance of the debate is about patient access to therapies that cannot get the trials they need for reasons such as not being patentable or the lack of profit in the therapy, especially when the therapy is known to be safe. LDN seems to be the most prominent, in that there are no sensible arguments to deny it to patients who want it and those patients report great satisfaction with it in most cases. It is frankly a disgrace that such options are denied to informed patients who ask for them on the NHS. It would save the NHS so much money to allow this. LDN can be supplied for as little as £17.50 a month, compared with some other expensive drugs, such as £60,000 for Copaxone, £15,000 for Avonex or £90,000 a year for another drug that was recently in the news.

[Nia Griffith]

The question is how we can get the trials and get people interested. Academics often rely on backing from pharmaceutical companies to put together their plans and proposals for a research project. It is very difficult to find academics who want to spend that time and energy if they do not know that they will get the backing. They could put in a lot of work without getting any funding for any proposal.

We must face up to the problem of what systems we have in place to provide licensing for drugs such as LDN. One doctor I have talked to, Dr Lawrence from Swansea, tells me that LDN not only seems to have acceptable uses for people with multiple sclerosis but, he feels, has enormous potential for the treatment of cancer. That would be a very worthwhile investigation, considering that we spend so much on looking for answers and on treating the various cancer diseases. Sanctioning the use of LDN would also allow doctors to collect clinical data that could be used to monitor and help prove the effectiveness of the drug.

Naltrexone is already an approved drug at higher doses and research and clinical trials have already shown its effectiveness at low doses to treat auto-immune diseases. Patients have difficulty in getting their GPs to write prescriptions and have to get the treatment privately, but it would be preferable for patients to work with their GPs so that their GPs can monitor them. GPs have had to seek legal advice to find out whether they should be prescribing it and lawyers have advised against it, putting them in a very difficult position.

Among the supporters of LDN are GPs, neurologists and oncologists who have seen patients' diseases not get worse and there are cases where such specialists have supported its use for the patient and stated that in a written letter to the GP. Even then, the GP has felt unable to prescribe the drug for fear of being considered unprofessional.

Campaigners have worked with local health boards and PCTs to try to determine what knowledge there is about LDN and whether GP practices have heard of it or are using it. The responses came back negative. What can we do so that LDN is offered in addition to other drugs currently prescribed on the NHS? This is about patient choice. It would be nice to be able to make LDN available to patients on a much wider basis, but it is important that patients are monitored by their GPs when using any medication, so we do not simply want a free-for-all. We want the proper medical trials, proof and backing that is needed to show whether it is an effective drug, which will enable it to be made more widely available, but there is a real difficulty, despite the fact that the orphan drug could be a cheap option for the NHS, in funding the sort of research needed to trial it. I return to my initial request and ask the Minister whether there is any way he can make LDN more widely and easily available to patients.

4.50 pm

The Minister of State, Department of Health (Mr Simon Burns): I begin by congratulating the hon. Member for Llanelli (Nia Griffith) on securing the debate and hope that by the end of my comments, particularly the last section, she will feel that there is a mechanism and a way forward that she will find helpful. Like her, I am well aware of the interest in the subject from those who feel that LDN is a suitable treatment for a number of conditions, including multiple sclerosis, HIV and various cancers. I am grateful to her for the opportunity to clarify the Government's position.

I will begin by talking about the process for licensing drugs in general. An unlicensed medicine is not necessarily illegal in the way an unlicensed driver is; it just means that the regulator has not yet been given the evidence it requires to support a routine place in the market. The Medicines and Healthcare products Regulatory Agency is responsible for the regulation of medicines used in the UK, which includes authorising applications for clinical trials and granting licences for medicines. MHRA gives licences for medicines only after evidence has been submitted to demonstrate the quality, safety and efficacy of the product for the conditions it is intended to treat. That system, whereby licences follow evidence, protects patients and means that there is always a robust, systematic and independent assessment of the safety and suitability of licensed medicines.

In the UK, naltrexone is currently only fully licensed in 50 mg tablet form. That dosage is used to help patients remain free from dependence on heroin, methadone and similar opiates and to help those who are dependent on alcohol, but the drug is not currently licensed at any dose for the treatment of the other conditions that the hon. Lady rightly mentioned, because the evidence necessary for a licence does not exist. However, naltrexone is being prescribed by some doctors in doses of up to 7 mg on an individual patient basis. This is referred to as low-dose naltrexone.

The reason MHRA has not looked into licensing LDN is that it has not received any application or evidence to support it, which means LDN is currently unlicensed. That does not mean that it is necessarily unsafe; it is just that a licence for its use in this country does not exist. The current position is that when a patient needs a medicine an appropriate licensed product should be used. If it is not available, doctors can prescribe a different licensed medicine if they think that it will do the job. If neither of those options is available, an unlicensed medicine may be considered. LDN currently falls into that last bracket. As it involves a significantly lower dose than the licensed form of naltrexone, and as it is untested, it is regarded as an unlicensed medicine.

Legislation supports clinicians when they want to prescribe an unlicensed medicine that they think is necessary to meet a patient's particular needs. The MHRA checks that the medicine is being manufactured to the right standards, in a safe environment and with suitable materials. Any unlicensed product manufactured in the UK must be manufactured to the specification of the doctor, nurse, dentist or whichever professional prescribed it in the first place. The important point is that the use of an unlicensed medicine is the direct personal responsibility of the professional who prescribed it. They are aware that it is unlicensed, and they prescribe it with that knowledge. The position is reflected in professional guidance, including that of the General Medical Council.

Given that a licensed LDN product is not available in the UK, it can be supplied only as an unlicensed product either manufactured in the UK or imported from somewhere else. Most of the LDN used in this country is manufactured in the UK, but anyone who wants to

import it must be authorised by the MHRA. In the UK, manufacturers produce a number of formulations, including LDN capsules, at strengths ranging from 1 mg to 6.5 mg, and these are produced under a "specials" licence.

The importation of any medicinal product not licensed in the UK must be in compliance with the Medicines for Human Use (Manufacturing, Wholesale Dealing and Miscellaneous Amendments) Regulations 2005, which provides for the import of products when a special clinical need exists for individual patients and when the regulatory authority has not objected to the import. Objections may be made on grounds of known safety or quality issues, or if an equivalent UK licensed product is available. In the case of LDN, there is no ban on the import of products of acceptable quality and safety, and I hope that those comments go some way to reassuring the hon. Lady on her point about the fears of some GPs who had been or were not prescribing the drug.

When medicines are unlicensed, such as LDN, the National Institute for Health and Clinical Excellence does not generally assess them, so it has not issued any guidance on the use of LDN in the NHS. When NICE guidance on a particular drug for a particular condition does not exist, it is for local primary care trusts in England to make funding decisions based on their own assessment of the available evidence. On behalf of their patients, doctors can, through an individual funding request, request treatments that are not usually funded, if they feel that there are exceptional clinical circumstances.

In this situation, a special panel that includes clinicians would carefully consider individual cases. They would use the latest available evidence and make a decision on the basis of a patient's individual circumstances, but we recognise that there is demand from the NHS and from patients for better access to information about drug treatments, particularly when no licensed product is available, so we are keen to explore whether more can be done to support clinicians, NHS commissioners and patients in their own decision-making by giving them easier access to the best available information. That is why the Department of Health asked NICE to provide a service to support the NHS in deciding whether an unlicensed drug can be used to address an unmet need. Under our plans, NICE will commission expert assessments of the evidence that supports—or does not support—the use of unlicensed medicines, including in rarer conditions. That will help clinicians make decisions about effective treatments and address one of the access problems that patients face. As I said earlier, it is important that we preserve the integrity of the medicines licensing scheme, which is so vital to protecting patients. Any information provided will be designed to inform doctors' decision making and patients' choices, not to provide a simple yes or no recommendation.

The Medicines and Healthcare products Regulatory Agency is responsible for the enforcement of the advertising regulations—another important area with regard to this subject. There are also self-regulatory controls operated by the industry body—the Prescription Medicines Code of Practice Authority—and general controls on advertising operated by the Advertising Standards Authority. Regulations state that

> "no person shall issue an advertisement relating to a relevant medicinal product which is a medicinal product in respect of which no marketing authorisation or traditional herbal registration is in force".

The regulations apply to any person and are not specific to the pharmaceutical industry. This prohibition does not prevent independent patient charities from providing balanced and factual information about treatment options, including any that are not licensed. The MHRA has published guidance on its website. The MHRA would investigate any complaint about a breach of the legislation, but has not received any complaint about the advertising of low-dose naltrexone. Whether a charity or another third party was promoting a medicine or providing non-promotional information would be decided on the facts of any specific case.

The hon. Lady will no doubt appreciate that it is in everyone's interest to see a booming medical research industry in the UK that is successful, is meeting its requirements, and is pushing forward our development and use of advanced medicines to help to bring relief to those suffering acute illnesses or long-term conditions and to help them to manage those conditions better.

Annette Brooke: The Minister is being very clear in his exposition. The question that my constituents continually ask is why the NHS is not in the least bit interested in a treatment that is so cheap, costing about 50p a day, and appears to defer care costs into the bargain. A constituent of mine has been with their consultant to see the prescribing committee of the local PCT, but we still do not have this drug on NHS prescription.

Mr Burns: I am grateful to the hon. Lady for raising that point on behalf of her constituents. The short answer is that it is simply because there have been no clinical trials to assess the drug in its low-dosage levels, and so the conditions of the NHS, under the ways in which we operate in the provision of drugs for patients, have not been fulfilled at this stage. If she will wait for a minute or two, I will get to the nub of the point made by the hon. Member for Llanelli about how we could move forward to seek to address that situation. I hope that the hon. Member for Mid Dorset and North Poole (Annette Brooke) will find the way forward helpful and positive.

The hon. Member for Llanelli will no doubt appreciate that it is in everyone's interest to see a booming medical research industry in the UK, because that leads to real improvements in the lives of patients, their families and carers, and we are determined to support it. We demonstrated our commitment to health research by increasing spending in real terms up until 2015. In August, my right hon. Friends the Prime Minister and the Secretary of State for Health announced a record £800 million, five-year investment in a series of biomedical research centres and units, which will translate fundamental biomedical research into clinical research that benefits patients and the NHS.

The coalition Government are committed to the promotion and conduct of research as a core function of the health service. The Health and Social Care Bill, which is now passing through another place, will turn this into reality by placing appropriate powers and duties on my right hon. Friend the Secretary of State for Health, NHS organisations, Monitor, and local authorities. We will make sure that the systems and processes for commissioning by the NHS Commissioning Board and by clinical commissioning groups promote, support and fund clinical research. The Government will consult on amending the NHS constitution in order

[Mr Simon Burns]

to support patients to have access to novel treatments and to be part of the development of wider patient benefits, so that there is a default assumption, with an ability to opt out; that data collected as part of NHS care can be used for approved research, with appropriate protection for patient confidentiality; and that patients are content to be approached about research studies for which they may be eligible to enable them to decide whether they want a discussion about consenting to be involved in a research study.

The clinical practice research datalink will be introduced by the MHRA in partnership with the National Institute for Health Research, building on the NIHR's research capability programme. This £60 million investment will offer data services, including providing access to data for researchers, data matching and linkage services, and data validation, to support the clinical trial and observational study work of the life sciences research community.

The NIHR will launch an updated UK clinical trials gateway in spring 2012. That website will enable patients and the public to access information about clinical trials and will be a development of the test site launched in March 2011. To increase the number of patients who can benefit from being involved in trials via the gateway, the NIHR has also developed a free smartphone app, which is available for iPhone users and will shortly be available for Android users. It provides a practical and innovative way for patients to access information about clinical trials.

I will now turn to the question of clinical trials that the hon. Member for Llanelli raised and that the hon. Member for Mid Dorset and North Poole raised, by default, in her intervention. I think that this explanation may provide the hon. Member for Llanelli with the basis for making progress in her quest. Clinical trials are a fundamental part of the drug development process, as she accepts. Trials and health research more generally are funded by a range of groups in the UK, in particular by the NIHR, the Medical Research Council, medical research charities and industry. The NIHR welcomes high-quality funding applications for research into any aspect of human health, including the use of LDN. Such applications are subject to peer review and are judged in open competition, with awards being made on the basis of the scientific quality of the proposals. As she has suggested, a new clinical trial will be required to support a licence for the use of LDN.

The MHRA regulates clinical trials on medicines when they are carried out in the UK. That includes granting approval to conduct a clinical trial and ensuring, through inspection, that the highest possible standards are maintained. However, the MHRA does not initiate clinical trials. A clinical trial needs a sponsor. Sponsors have usually come from industry, the NHS or academia. The hon. Lady is seeking Government funding for a clinical trial to prove the efficacy and safety of LDN. I can tell her that funding is available and that university-based researchers can apply for it.

The efficacy and mechanism evaluation programme is funded by the Medical Research Council and managed by the NIHR. It funds evaluation of the clinical efficacy of treatments. If evidence from such evaluations is promising, larger-scale trials can follow. That is one of the purposes for which the NIHR funds the health technology assessment programme. That programme produces evidence on the effectiveness, cost and broader impact of treatments and other types of health care intervention. In the case of LDN, as with all other novel treatments, I cannot prejudge how successful that pathway of research might be, but I can tell the hon. Lady that a pathway does exist, as I have described.

In addition, the hon. Lady expressed concern about whether the systems in place make provision for patients to say what research they would like to happen. I can assure her that patients can make a suggestion for the efficacy and mechanism evaluation programme to consider. Topics prioritised for funding may be advertised, inviting researchers to submit proposals for clinical trials in those topical areas.

I am grateful to the hon. Lady for raising this subject and giving me the opportunity to explain the background to a matter of considerable interest to many people, not least some of her constituents and those of the hon. Member for Mid Dorset and North Poole. I hope the last part of my speech in particular, in which I have explained an existing avenue that they and others interested in LDN may wish to pursue, will be helpful to them.

Nia Griffith: May I take this opportunity to thank the Minister for his very full and helpful reply?

Mr Burns: And may I, in the spirit of Christmas, thank the hon. Lady very much for the way in which she presented her case? It was quite clear from listening to her speech that she rightly felt very strongly about the issue on behalf of not only her constituents but people up and down the country who need LDN and who, at the moment, are having to go through the procedures that she described.

Question put and agreed to.

5.10 pm

House adjourned.

House of Commons

Monday 12 December 2011

The House met at half-past Two o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

HOME DEPARTMENT

The Secretary of State was asked—

Violence against Women

1. **Claire Perry** (Devizes) (Con): What steps she is taking to tackle violence against women. [85716]

The Secretary of State for the Home Department (Mrs Theresa May): A comprehensive cross-Government action plan on tackling violence against women and girls was published on 8 March this year. It includes 88 commitments from 12 Departments to improve the provision of services for victims of violence and to prevent violence from happening in the first place. We have already delivered 22 of those commitments.

Claire Perry: I thank the Home Secretary for that reply. Also part of this Government's work is a pilot scheme running in Swindon and Wiltshire in which perpetrators of domestic violence are effectively banned from the family home, rather than the family and the women being forced to move out, as happened previously. My right hon. Friend will be pleased to know that, since July, under the terms of the scheme, 82 abusive perpetrators have been removed from family homes. The head of Wiltshire victim support unit said that the programme is reaching women who have never been helped before. Will my right hon. Friend please tell us when the pilot might be rolled out nationally?

Mrs May: I thank my hon. Friend for that question. She is absolutely right that domestic violence protection orders do what hon. Members across the House have always felt is right: ensure that when a domestic violence incident takes place it is the perpetrator who is not able to stay in the home, rather than the victim being forced out, as has happened so often in the past. We commenced a pilot in Greater Manchester, West Mercia and Wiltshire, and a second wave of pilot areas started in October in Grater Manchester and West Mercia, which we are looking to run for at least a year before we assess them properly.

Stella Creasy (Walthamstow) (Lab/Co-op): The Opposition welcome press reports this weekend that the Deputy Prime Minister wants to widen the definition of domestic violence. Let me also offer Home Office Ministers our support if they wish to challenge the actions of their colleagues in the Ministry of Justice, who are seeking to restrict access to legal aid for victims of domestic violence. Does the Home Secretary agree that that should happen, so that we send a strong message to victims that they should not have to wait until the first punch is thrown before they get help?

Mrs May: The hon. Lady is right that we need to ensure that we have the right definition of domestic violence. That is why the Government are consulting on the appropriate definition and ensuring that we have a cross-Government definition, which, sadly, the previous Labour Government did not have.

Bob Russell (Colchester) (LD): I thank my right hon. Friend for her answer to the excellent opening question and urge her to look at the Home Affairs Committee report on domestic violence from the previous Parliament. If she implements its recommendations, a lot of the issues will be resolved.

Mrs May: I thank my hon. Friend for his reference to the work previously done by the Home Affairs Committee on this important issue. The Government are looking across the board at sources of proposals for dealing with this problem. As I have said, our cross-Government action plan included 12 Departments and made a significant number of commitments to ensure that we do what all in the House would want: end violence against women and girls.

Target Sports Clubs

2. **Chris Heaton-Harris** (Daventry) (Con): What her policy is on the designation of (a) target sports clubs where historical pistols are studied and shot and (b) other target sports clubs. [85717]

The Minister for Policing and Criminal Justice (Nick Herbert): Clubs that wish to keep and use historical pistols and weapons must have Home Office authorisation. There are strict criteria governing the designation of sites under the Firearms (Amendment) Act 1997, which are set out in the guidance issued by the Home Office.

Chris Heaton-Harris: Northampton target sports club is based in my constituency. A number of members wish to study and shoot historic pistols of some worth but are struggling with the licensing regime because they are within 30 miles of another licensed club. Will the Minister help us with that query and help to sort this out?

Nick Herbert: I understand my hon. Friend's concern. I am aware that the Northampton target sports club was refused designated-site status last month because there were other suitable sites within a reachable distance. I also understand that circumstances may have changed because another site is full. Therefore, a new application will be looked at properly.

Kate Hoey (Vauxhall) (Lab): Will the Minister give as much support as possible to the wonderful Olympic sport of pistol shooting, which suffers terribly from some of the rather knee-jerk legislation that went through

this place some time ago? Will he ensure that pistol shooters are given every support possible to train in this country so that they do not have to go abroad to Switzerland to train for the Olympics?

Nick Herbert: I know of the hon. Lady's long-standing concern. The Government seek to draw the distinction between the unlawful use of weapons, which we aim to deal with as robustly as possible, and the lawful possession of such weapons. We have the tightest set of firearms controls in the world, but sporting shooting, particularly in relation to the Olympics, is of course important.

UK Border Agency

3. **Gavin Shuker** (Luton South) (Lab/Co-op): What recent assessment she has made of the operational effectiveness of the UK Border Agency. [85718]

The Secretary of State for the Home Department (Mrs Theresa May): I should like to pay tribute to the many dedicated and hard-working staff of UKBA, who do a good job, working day in, day out to keep our border secure and enforce immigration rules. There is certainly more to be done. The agency's new chief executive, Rob Whiteman, has a vision to make further improvements. I share that vision.

Gavin Shuker: Has the Home Secretary yet received the interim internal report on this summer's security lapse, and if so can she tell me how many people were wrongly allowed into Luton airport in my constituency?

Mrs May: As the hon. Gentleman knows, we have made available some figures from the early assessment of the success rate of the pilot that was run in the summer. We are of course awaiting the independent investigation by the chief inspector of the UK Border Agency, which will not be available until the end of January.

Oliver Heald (North East Hertfordshire) (Con): There has been a warm welcome in the House and the country for the firmer approach being taken by this Government, but can the Home Secretary give us any further information on the ending of the bogus colleges scam, and to what extent the Government are able to influence events in the Mediterranean to ensure that better naval patrolling takes place to turn back boats carrying illegal immigrants?

Mrs May: I am happy to tell my hon. Friend that there are now more than 450 colleges that have not been accredited under the scheme or did not apply to be accredited, which gives us a clear message about whether they were actually providing education. On his second point, it is important for this country to work with other countries and help them to improve their border security, so that the problem of people entering Europe and then the United Kingdom is reduced.

Jeremy Corbyn (Islington North) (Lab): I understand that some 98,000 cases have been put in what the Home Office calls the "controlled archive section", and it claims that many of the people involved cannot be found or located. As a constituency MP, I have many such people coming to see me, and they are living here and going through an application or appeal, and simply waiting for a reply from the Home Office. Will the Home Secretary look again at the whole system and ensure that proper efforts are made to find people who are legitimately trying to continue their stay here?

Mrs May: I thank the hon. Gentleman for raising that issue and I remind him and other hon. Members that the Chairman of the Home Affairs Committee asked Members of Parliament to write to the Home Office to say whether they had any cases of the sort that the hon. Gentleman mentions. The work that we have been doing is of course clearing up the chaotic mess in the asylum system that was left, sadly, by the last Government.

Mr Don Foster (Bath) (LD): With tourism vital to places such as Bath, it is worrying that the more and more people who travel abroad from countries such as India and China tend not to come to this country because they think that the UKBA is unwelcoming. Should we not at least have a special visa for 2012 to commemorate the Olympics and the diamond jubilee, and have the application forms in the language of the tourist rather than in English?

Mrs May: I fully understand the benefits and importance of tourism to certain parts of the United Kingdom such as my right hon. Friend's constituency. I assure him that special arrangements have been put in place by the UKBA for those who are travelling to be part of or to view the Olympics next summer.

Diana Johnson (Kingston upon Hull North) (Lab): Last month, the Home Office claimed that seizures of class A drugs by the UKBA were up. That was described by the chair of the UK Statistics Authority as

"highly selective in its choice of statistics, in order, it seems, to show the UK Border Agency in a good light".

In reality, official statistics show that UKBA seizures of class A drugs fell last year. Overall, there were barely half the number of seizures than in 2008-09. Given that 452,000 people take ecstasy in the UK each year, does the Home Secretary think that seizing only 300 ecstasy tablets is good enough?

Mrs May: Seizures have gone up in the past six months. If the hon. Lady is as concerned about drugs as she appears to be from her question, I look forward to the Opposition welcoming the drugs strategy that the Government have introduced.

Domestic Violence against Men

4. **Karl McCartney** (Lincoln) (Con): What steps she is taking to tackle domestic violence against men. [85719]

The Minister for Equalities (Lynne Featherstone): The Government recognise that men can be victims of domestic violence, and take this issue very seriously. Later this week, we will launch a fund of £225,000 over two years to support services focusing explicitly on male victims of sexual and domestic violence. That is in addition to the Home Office funding provided each year to the men's advice line, which provides support and signposting services for male victims, and to Broken Rainbow, which provides support to lesbian, gay, bisexual and transgender victims.

Karl McCartney: I welcome the announcement of the new fund by the Minister, as it will bring much-needed support for the victims of this deplorable crime. Will my hon. Friend also confirm that all domestic violence awareness campaigns run by this Government will be clearly aimed at supporting both female and male victims of domestic violence?

Lynne Featherstone: I can assure my hon. Friend that that is indeed the case. The recent teenage abuse campaign was aimed at both young men and women, because both can be subject to abuse from their contemporaries.

Police and Crime Commissioners

5. **Michael Ellis** (Northampton North) (Con): What recent progress she has made on the introduction of police and crime commissioners. [85720]

The Secretary of State for the Home Department (Mrs Theresa May): The first PCC elections will take place on 15 November 2012. I recently tabled a protocol setting out how the new policing governance arrangements will work and issued the shadow strategic policing requirement, which sets out the national threats that the police must address. Subject to parliamentary approval, London will move to the new PCC model in January.

Michael Ellis: I congratulate the Home Secretary on her achievement in this flagship legislation and on the fact that in a year's time PCCs will be rolled out across the country. What steps can the Government take to ensure that prospective candidates for this important position will come from a wide diversity of backgrounds?

Mrs May: I thank my hon. Friend for his comments. I add to his congratulations the name of my right hon. Friend the Policing Minister, who played a significant role in ensuring that the legislation was steered through Parliament for it to be in place in September. I am keen to ensure that we have a diversity of candidates. We are now looking into a number of ways in which we can promote an understanding of the role of the police and crime commissioners. My right hon. Friend marked the one year to go to PCCs on 21 November with a speech on a new era in policing. We will be publishing a consultation, setting out proposals that PCCs act as commissioners for victim support services.

Tony Lloyd (Manchester Central) (Lab): Given that the Home Secretary has made it clear that she wants police commissioners to have authority with respect not just to policing but to the criminal justice system, will she heed the important advice of the Association of Chief Police Officers that antisocial behaviour orders should still be part of the things at the disposal of police commissioners, the police and the criminal justice system?

Mrs May: I note the rather clever way in which the hon. Gentleman weaved the antisocial behaviour order into that question. As he knows, we consulted on replacing the current regime of ASBOs with a new regime that is clearer, less bureaucratic and easier to use. We will be introducing legislation in due course.

Tom Brake (Carshalton and Wallington) (LD): One of the key features of the checks and balances that will operate on the police and crime commissioners are the police and crime panels. Will the Home Secretary confirm that the effectiveness of the police and crime panels will not be hindered by arbitrary restrictions such as a lack of access to senior police officers or experts or a budget that is so tight that it will restrict the PCPs' ability to meet on a regular basis to scrutinise the police and crime commissioners?

Mrs May: I thank my right hon. Friend for his question. I recognise the interest that he has consistently shown in ensuring that the police and crime panels have the powers necessary to scrutinise the work of the police and crime commissioners. They will be different from police authorities, so their role will not be the same. We have set out clearly the interaction that they should have with the police and crime commissioner and with the chief constable of the police force area. As for budgets, our overall aim is that the new regime will cost no more than police authorities do today.

Police Efficiency

6. **Simon Hart** (Carmarthen West and South Pembrokeshire) (Con): What steps she is taking to improve efficiency within police forces. [85721]

The Minister for Policing and Criminal Justice (Nick Herbert): We are supporting police forces in their drive to improve efficiency, including through reducing bureaucracy, more effective procurement, collaboration and sharing services.

Simon Hart: Is the Minister satisfied that local forces are doing enough to share the costs of facilities such as human resources and IT with other public bodies and other emergency services?

Nick Herbert: It is important that police forces do more to take up such opportunities. We have already seen an increase in the collaboration between police forces over operational matters, but there are valuable opportunities to collaborate and share services for the back-office functions such as IT and human resources, which would result in significant savings. That is what we are encouraging forces to look at.

Andrew Miller (Ellesmere Port and Neston) (Lab): I welcome the idea of police forces sharing services, especially in areas such as forensic science. Given the Government's strategy, is that not likely to result in the reforming of the Forensic Science Service?

Nick Herbert: Perhaps the hon. Gentleman would reflect on the mismanagement under the previous Administration that left the Forensic Science Service on an unsustainable footing.

Dr Julian Huppert (Cambridge) (LD): The innovative use of information technology can make a huge difference to police efficiency. Will the Minister have a look at companies, such as Sepura and RealVNC in my constituency, that are working already with police forces in the UK and the US to make it easier for the police to do their job?

Nick Herbert: I strongly agree with my hon. Friend about the importance of good police IT, which we seek to improve. It is for forces to commission these services, but we have announced that we intend to set up a new vehicle—a force-owned IT body—to commission IT and seek improvements, because it is so important that police officers have good IT in order to fight crime effectively and not waste time on bureaucratic processes.

Gang-related Crime

7. **Christopher Pincher** (Tamworth) (Con): What steps she is taking to prevent vulnerable young people from being drawn into gang-related crime. [85722]

The Secretary of State for the Home Department (Mrs Theresa May): In November, I presented the "Ending Gang and Youth Violence" report to the House. Today, I have notified 22 areas that they will be offered targeted funding and support by the new ending gang and youth violence team, details of which I will place in the Library. I will shortly extend gang injunction powers to prevent gang violence by 14 to 17-year-olds and will launch a consultation on the penalties for illegal firearm supply and importation.

Christopher Pincher: I am obliged for that answer. Chief Inspector Ian Coxhead, Tamworth police and other agencies have launched Project Turnaround to identify potential problem youngsters early and to help them to keep on the rails, rather than going off them. Will my right hon. Friend commend that initiative, which has been rolled out across Staffordshire, and consider it as best practice for other chief constables?

Mrs May: I am grateful to my hon. Friend for bringing Project Turnaround to the notice of the House and I congratulate Chief Inspector Coxhead and all those who work with him on their work. It seems to be a good example of what we talked about in the "Ending Gang and Youth Violence" report—of police working with other agencies to find the best solutions for individuals and either prevent them from becoming gang members or turn them away from gangs.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): Does the Home Secretary agree that this is a key area for a joined-up approach across Government? By that I mean a Government who believe in keeping youth services active and working in our communities, and a Government who believe that 1 million unemployed people is unacceptable and will lead to trouble later.

Mrs May: The Government do indeed have a joined-up approach on that. The report was the result of work by an inter-ministerial group that I chaired, working closely with my right hon. Friend the Secretary of State for Work and Pensions and with representations from several Departments, including the Department for Education and the Department for Communities and Local Government. I am pleased to say that the inter-ministerial group will continue to meet to monitor the work that the team are doing as a result of the report. Indeed, we held our first such meeting last week.

Gloria De Piero (Ashfield) (Lab): Last week, the ringleaders of a gang of youths were given antisocial behaviour orders after making the lives of shoppers and businesses in Rochdale a misery. If they breach the ASBO, these youths will get a criminal record, but according to page 18 of the Government's consultation document, "More Effective Responses to Antisocial Behaviour", a breach of the Government's proposed crime prevention injunction

"would not result in a criminal record."

Will the Secretary of State confirm that that is the case?

Mrs May: The hon. Lady is well aware that we will be implementing several proposals to deal with antisocial behaviour and gangs, and I remind her that I have referred already this afternoon to what we are doing with gang injunctions. In the case to which she referred and similar cases, gang injunctions will be available.

London Bombings (Inquests)

9. **Debbie Abrahams** (Oldham East and Saddleworth) (Lab): What progress she has made on implementing the recommendations of the report of the coroner's inquests into the London bombings of 7 July 2005; and if she will make a statement. [85724]

The Parliamentary Under-Secretary of State for the Home Department (James Brokenshire): The Government responded to the coroner's report, accepting the three recommendations directed to Government and taking action on other issues raised in her report. We are progressing work on those recommendations and areas of concern and will provide a full report on progress in March 2012.

Debbie Abrahams: I thank the Minister for his response. He will be aware that the Foulkes family, who are constituents of mine, lost their David in the Edgware road bombing. He unfortunately died. In addition to wanting the coroner's recommendations implemented in full, they and other families are keen to see greater accountability of the security services to Parliament. Will the Minister commit to that today?

James Brokenshire: I certainly recognise the contribution that the families have made, and I pay tribute to the work of the hon. Lady's constituent. The Government attach the utmost importance to the recommendations outlined in the coroner's report and are fully committed to seeing through the implementation of actions to address them. She will be aware of the Green Paper on justice and security, which examines the role and powers of the Intelligence and Security Committee, including its ability to obtain wide-ranging information from intelligence agencies. The Government will report back to the House shortly on progress made and the consultation.

National Crime Agency

10. **Stephen Mosley** (City of Chester) (Con): What progress she has made on the establishment of the National Crime Agency. [85725]

The Secretary of State for the Home Department (Mrs Theresa May): We are on course to establish the National Crime Agency in 2013, subject to the passage of legislation. To drive early progress, work on the four operational commands is under way. The Organised Crime Co-ordination Centre, which is part of the intelligence

hub, is now established, and the UK cyber-security strategy sets out the role of the cybercrime unit. Keith Bristow, the NCA director general, is in post and will drive progress further.

Stephen Mosley: One of the concerns raised when the Home Secretary announced the launch of the NCA in the summer was about the future of the Child Exploitation and Online Protection Centre. Is my right hon. Friend confident that CEOP's role in protecting children will be enhanced and improved by its inclusion in the NCA?

Mrs May: I am grateful to my hon. Friend for raising an issue that was raised when the NCA was announced. I am pleased to say that CEOP is indeed one of the commands in the National Crime Agency. Peter Davies, the chief executive office of CEOP, has made it clear that

"we know that we will go into that future"—

that is, as part of the NCA—

"with our brand, purpose and operating model intact."

Indeed, Peter Davies sits on the programme board and will work closely with Keith Bristow on the agency's operating model. As part of the NCA, CEOP will not only be able to continue doing what it does today, but will be able to enhance its work, improving the vital work of protecting children.

Keith Vaz (Leicester East) (Lab): The Home Secretary will recall that on 21 October she wrote to me saying that she would write to the Select Committee on Home Affairs shortly with the full details of which functions would be transferred from the National Policing Improvement Agency to the National Crime Agency. It is now six weeks since that letter, and in 12 weeks' time the NPIA will be abolished. When will she be in a position to write to me with a full list of the functions that will be transferred, or will she accept the Committee's recommendation that she should delay the NPIA's closure until all the functions are properly transferred?

Mrs May: The right hon. Gentleman may have misspoken in his question. He referred to the NPIA closing in 12 weeks. It will not be closing in 12 weeks: we have already made it clear that the NPIA will be closed by the end of December 2012, to allow time for the full and proper transfer of its functions, where necessary, to other organisations. We will inform Parliament of the transfer of those functions shortly.

Metal Theft

11. **Mr Adam Holloway** (Gravesham) (Con): What steps she is taking to tackle metal theft. [85726]

12. **Craig Whittaker** (Calder Valley) (Con): What steps she is taking to tackle metal theft. [85727]

17. **Nadine Dorries** (Mid Bedfordshire) (Con): What steps she is taking to tackle metal theft. [85734]

The Parliamentary Under-Secretary of State for the Home Department (James Brokenshire): The Government recognise the growing problem of metal theft and are taking urgent steps to address it. The Home Office is discussing with other Departments what legislative changes are necessary to assist enforcement agencies and deter offenders, including introducing a new licence regime for scrap metal dealers and prohibiting cash payments. We are also working with the Association of Chief Police Officers to establish a dedicated metal theft taskforce.

Mr Holloway: Metal theft costs us a huge amount of money in this country, as the Minister knows, whether it is of dodgy copper wire or lead from churches such as those in Ifield in my constituency. Is there any argument for seizing the entire inventories of metal dealers found to be purchasing what are effectively stolen goods?

James Brokenshire: I certainly recognise the impact that metal theft has on our communities, with the estimated cost ranging anywhere between £220 million and £777 million per annum. We underline and recognise the seriousness attached to metal theft, which is why we are seeking to establish a new taskforce better to inform intelligence and ensure that those responsible for such crimes are brought to justice.

Craig Whittaker: Calder Valley private and social landlords have reported to me the rising number of instances of houses in between tenancies being totally ripped apart—including water pipes, gas pipes and, indeed, electric wiring—causing thousands of pounds worth of damage. Does the Minister agree with me that the time has come for legislation to clamp down on rogue metal dealers who trade in such items?

James Brokenshire: The Government do not legislate lightly and have undertaken a range of work to tackle metal theft through non-legislative means. However, we have now reached the stage where the only conclusion is that new legislation is needed to tackle metal theft. We are therefore in discussion with other Departments to agree on the most appropriate option for bringing these changes forward.

Nadine Dorries: Does the Minister think it is time to change the law on the scrap metal industry? On Friday I met Alf Hitchcock, the chief constable of Bedfordshire, who informed me that his police force had targeted the dealers. The police found people coming along with stolen scrap metal, some of whom had driven vehicles there with stolen red diesel. The law at the moment pertains to an Act that was designed around the days of Steptoe and Son; is it not time to change the law?

James Brokenshire: As I thought I had already indicated, we believe that existing regulation of the scrap metal industry through the Scrap Metal Dealers Act 1964 needs to be revised, as the law is no longer fit for purpose. We need to combine that with further enforcement and better intelligence, which is why the ACPO metal theft working group is seeking to equip police forces with the necessary tactical information to assist Bedfordshire and other police forces in cracking down on this crime.

Mr Jim Cunningham (Coventry South) (Lab): Has the Minister had any discussions with Virgin Trains, for example, and the police about what happens to the metal stolen from the railway lines, which can pose a severe hazard to public safety?

James Brokenshire: I absolutely agree with the hon. Gentleman about the risk, threat, inconvenience and serious harm that can be caused by stealing cabling and signalling equipment from the railways. The hon. Gentleman may be aware that the British Transport Police has the lead role in respect of the work conducted by ACPO; it is actively engaged in that and is working with the rail industry, recognising the particular problems that the hon. Gentleman has identified and the threats posed to rail infrastructure.

Mr Tom Clarke (Coatbridge, Chryston and Bellshill) (Lab): Is the Minister aware of the appalling crime two years ago in the area of the former Auchengeich pit in my constituency relating to a beautiful piece of sculpture built by the community in honour of the 47 brave men who had lost their lives in a tragedy of 1959? The community came together again and built another statue. I have no criticism of Strathclyde police, but does the Minister agree that on such issues the closest co-operation among forces throughout the UK is helpful?

James Brokenshire: I agree with the right hon. Gentleman. Many sickening crimes have occurred where monuments and places that exist to celebrate our war dead or important historical incidents have been desecrated. I think the whole House will join me in utterly condemning those responsible for these appalling actions. That is why we are moving forward by tackling the problem with the new taskforce. I agree with the right hon. Gentleman that providing better intelligence and co-ordination is helpful, which is precisely what we will do and are already doing.

Ian Austin (Dudley North) (Lab): I welcome the importance that the Minister attaches to this issue, but it should not be too difficult to sort out. All he needs to do is to ensure that sellers verify their identity when selling metal and that each transaction is recorded, and to make cash payments for scrap metal illegal. That seems pretty simple to me and to businesses in the black country that are calling for those measures. Why can we not get on with this more quickly?

James Brokenshire: We are moving forward with this quickly. That is why we are taking the action that I have outlined today. We are also dealing with the aspects that he mentioned—on the regulation of the scrap metal industry, on having stronger enforcement powers to ensure that those responsible for these actions are held accountable for them, and on ensuring that we move to a cashless model of payment. Those are precisely the areas on which we are focusing, and we will report back to the House shortly.

Mark Garnier (Wyre Forest) (Con): My hon. Friend will know that not just schools and churches but voluntary organisations, such as the one that runs the Severn Valley railway in my constituency, have been victims of this invidious crime. He will also know that an all-party group on combating metal theft was set up last week under the joint chairmanship of my hon. Friend the Member for Dudley South (Chris Kelly) and the hon. Member for Hyndburn (Graham Jones). Will the Minister agree to meet me, along with other officers of the all-party group, to discuss how we can combat metal theft?

James Brokenshire: I am aware of the strong interest that the House attaches to this issue, which is evidenced by the fact that there are nine questions about it on today's Order Paper. I believe that that constitutes a record number of Home Office questions on a single issue. My noble Friend Lord Henley, the Minister responsible for crime prevention and antisocial behaviour reduction, is well aware of the concern felt by Members of both Houses, and has told me that he would be very willing to meet members of the all-party parliamentary group.

Riot (Damages) Act 1886

13. **Paul Goggins** (Wythenshawe and Sale East) (Lab): What plans she has to review the Riot (Damages) Act 1886. [85728]

The Minister for Policing and Criminal Justice (Nick Herbert): A review of the Riot (Damages) Act 1886 is under way, and will consider all options for reform. It will include all learning from the August disturbances, and will involve consultation with people affected by them who made claims under the Act as well as organisations involved in the recovery. We expect it to be completed before the end of the current financial year.

Paul Goggins: I commend the Minister for the positive way in which he is engaging with Greater Manchester police authority, which, as he knows, carries a liability of more than £9 million as a result of the disorder in August. As he conducts his review, will he ensure that there is more clarity about responsibilities and the financial support given to police authorities by the Home Office, and that more pressure is put on the insurance industry to deal with claims promptly?

Nick Herbert: I agree with the right hon. Gentleman. We have been concerned about the rate at which payments have been made, and last week I convened a meeting with representatives of the insurance industry to discuss the matter. They assured me that, according to their latest assessment, some two thirds of businesses have received a partial or full payment. However, there ought to be processes to ensure that people are paid more swiftly, and such processes need to be sorted out by police authorities and the industry.

Paul Maynard (Blackpool North and Cleveleys) (Con): Many of the people who have made claims under the 1886 Act have done so because of damage to their motor vehicles, but in 1886 the car had only been invented for a year. Can the Minister assure me that his review takes into account all the possible forms of damage so that no one will be excluded?

Nick Herbert: It is true that uninsured vehicles are not covered by the Act, as no one envisaged the need for them to be. They would be covered if they were on private property, but not if they were in a public place. Of course, if vehicles are insured, a claim can be made against the insurers. This is one of the issues that we shall have to consider in the review.

Police Funding

14. **Lilian Greenwood** (Nottingham South) (Lab): What discussions she has had with police authorities on the police funding settlement for 2012-13. [85731]

The Minister for Policing and Criminal Justice (Nick Herbert): Last Thursday I laid the provisional police grant report for 2012-13 before the House. It set out provisional allocations of the Home Office core settlement for police authorities for 2012-13, and is now the subject of a consultation. I will consider all responses carefully.

Lilian Greenwood: The Deputy Prime Minister says that the funding settlement for Nottinghamshire police is "manageable", but the police themselves say:

"The Government's inequitable cuts will impact on frontline policing in Nottinghamshire".

Who does the Minister think my constituents should believe?

Nick Herbert: Of course dealing with budget reductions is challenging for police forces, but we are convinced that they can do it. I recently met members of the Nottinghamshire force, including the chief constable, and we discussed the issues. The chief constable has acknowledged the difficulty of the decisions involved, but has also said that she is

"doing all we can to protect frontline services and target resources to areas where the public are most commonly affected".

Mr David Hanson (Delyn) (Lab): The police settlement, which, as the Minister acknowledged, was published last week, takes a further £700 million out of the police budget at a time when we are seeing worrying increases in crime, with violent crime, burglary and theft all going up in last month's figures. Senior police officers have already expressed their concern that the settlement means they will have to do far more than can be achieved through efficiency savings. If the police, in responding to this consultation, feel that the settlement is inadequate to meet policing challenges next year, will the Minister think again? Will he ensure that the 3,000 extra police officers that the Liberal Democrats called for are put in place?

Nick Herbert: I note what the right hon. Gentleman says about these issues. He is trying to give the impression that a further reduction in funding has been announced, but he knows that that is not the case; these reductions were announced beforehand, as part of the review, and they have not changed in relation to the proposed allocation for forces. I also note that he is coming forward with his familiar solution—Labour's only policy on the police—which is to call for more public spending. It is that attitude that got this country into the mess that we inherited from the previous Government. Perhaps he might have something more constructive to say about policing in future.

Forced Marriage

15. **Caroline Dinenage** (Gosport) (Con): What steps she is taking to tackle the practice of forced marriage. [85732]

The Parliamentary Under-Secretary of State for the Home Department (Lynne Featherstone): This Government are committed to ending the abusive practice of forced marriage and to ensuring that victims are protected, as this is indefensible and never acceptable. The Government provide practical support to victims through the forced marriage unit, and we have today published a consultation on whether forced marriage should be made a criminal offence.

Caroline Dinenage: I thank the Minister for that answer and warmly welcome today's announcement of a public consultation on this shameful practice. Does she agree that it is vital that the Government work closely with the relevant communities to ensure that women are no longer discouraged from reporting forced marriages?

Lynne Featherstone: My hon. Friend makes a very important point, and working with the communities is the only way deal with this issue. We want people to come forward and we do not want families to be deterred, so it is only by working with communities that we are likely to achieve our aims.

Home Department (Croydon Office)

16. **Kevin Brennan** (Cardiff West) (Lab): What assessment she has made of the effectiveness of the appointments booking system at her Department's offices in Croydon. [85733]

The Minister for Immigration (Damian Green): The effectiveness of these systems is continuously monitored, including customer satisfaction with appointments booking. In Croydon, the UK Border Agency offers appointments for temporary and permanent migration at the public inquiry office, and for claiming asylum at the asylum screening unit.

Kevin Brennan: One of my constituents has been trying since August, both online and by telephone, to get an appointment for any day and any time. I know that the Minister is assiduous so, rather than just listen to what his officials tell him, will he do a bit of mystery shopping and try to get an appointment, online on his home computer or by telephone, to see whether or not the system is working in practice?

Damian Green: I am always happy to take the hon. Gentleman's advice. He does not say whether this relates to the asylum screening unit or a general immigration appointment.

Kevin Brennan: It is general.

Damian Green: In that case, I will look at the efficiency of the system. I should tell the hon. Gentleman that over the past quarter, customer satisfaction with that booking system has improved markedly. Some 84% of customers surveyed stated that they were "very" or "fairly" satisfied with the effectiveness of the appointments booking system. If he wishes to give me the name of the person who is trying hard to get an appointment, I will ensure that they get one.

Migration

19. **Mr William Bain** (Glasgow North East) (Lab): What estimate she has made of the likely level of net migration in 2015. [85736]

The Minister for Immigration (Damian Green): The latest published estimates show net migration in the year to March 2011 at 245,000. That figure remains too high, which is why the Government are pressing ahead with their reform of the immigration system. This will bring numbers down to sustainable levels in the tens of thousands by 2015.

Mr Bain: The Prime Minister has said that, "No ifs, no buts", net migration will fall to the tens of thousands by the end of this Parliament. Given that net migration into the UK was 32,000 higher in the 12 months to March 2011 than it was in the previous 12 months, does the Minister believe that he will ever meet this target?

Damian Green: Yes, I do. I find complaints about high immigration from those on the Labour Benches a bit rich, given what they did to the immigration system. I simply point the hon. Gentleman to the figures for the past six months, because over the past two quarters the figures have started coming down. We are beginning to make a dent in the disaster of Labour's immigration policy.

Amber Rudd (Hastings and Rye) (Con): I welcome the roll-out of the e-Borders system, but what role will the border police command play from 2013, as part of the National Crime Agency, in helping to reduce illegal immigration?

Damian Green: I am happy to assure my hon. Friend that it will play a significant role. Of course, as well as having the policies that bring the overall numbers down we need proper enforcement mechanisms to ensure that they can be properly implemented. The National Crime Agency and the border command within it will play a significant role in improving the security of our borders.

Mr Speaker: I call David Morris.

David Morris (Morecambe and Lunesdale) (Con): Thank you, Mr Speaker, but I believe that my question 21 has already been answered.

Mr Speaker: The hon. Gentleman is in danger of setting a trend. If others followed it, our proceedings would conclude more speedily. I am grateful to him for his self-denial.

Topical Questions

T1. [85741] **Mr David Amess** (Southend West) (Con): If she will make a statement on her departmental responsibilities.

The Secretary of State for the Home Department (Mrs Theresa May): As the House just heard, this Government are committed to controlling immigration and reducing net migration. We have already introduced an annual limit on the number of non-EU workers, overhauled the student visa route and increased enforcement activity. Our next steps are to break the link between temporary and permanent migration by restricting settlement rights and to reform family migration. Members of this House have played a crucial role in shaping these reforms and I welcome the opportunity for further such contributions in this afternoon's Government debate, which will be ably led by my hon. Friend the Minister for Immigration.

Mr Amess: While I recognise that my right hon. Friend has a very tough job as Home Secretary, does she understand my disappointment? When I first became MP for Basildon, we had one police station; by the time I left we had three and Lord Mackay of Clashfern had opened a magnificent courthouse. I then became the Member of Parliament for Southend West, where there are a huge number of elderly people and where I started off with three police stations, and I will shortly have none.

Nicholas Soames (Mid Sussex) (Con): Resign.

Mrs May: I feel the need not to let it rest there, Mr Speaker, but to respond to the question that my hon. Friend the Member for Southend West (Mr Amess) asked. I am sure that he will agree that what matters is accessibility to police. That is why one thing the Government are doing is reducing the amount of bureaucracy that the police have to deal with so that they can get out on the streets more. It is also why a number of forces up and down the country are considering accessibility in a different way, rather than simply having fixed police stations. I understand that Essex, for example, has seven mobile police stations that go to areas where people congregate, such as supermarket car parks, to increase accessibility to the police for members of the public.

Yvette Cooper (Normanton, Pontefract and Castleford) (Lab): At the end of this month, the control orders legislation expires and the police and security services will have just six weeks' transition to get the new weaker terrorism prevention and investigation measures and extra surveillance in place. The assistant commissioner of the Met, in a recent letter placed in the Library of the House, confirms the Met's position last summer that

"it would take at least a year to recruit and train additional surveillance teams".

She also says that

"not all the additional assets will be immediately in place".

Why, then, is the Home Secretary so determined to push ahead with weaker counter-terror powers so quickly? Why does she not delay them and avoid piling extra pressure and risk on to the Met in the new year?

Mrs May: The right hon. Lady knows full well that the Metropolitan Police Service and the Security Service will not have just six weeks to put transitional arrangements in place. They have been aware for some time that TPIMs would come in and extra funding would be available for extra surveillance. Subsequent to the letter sent by the assistant commissioner, the Metropolitan Police Commissioner has written to the Chairman of the Home Affairs Committee to make it absolutely clear that effective transitional arrangements from control orders to TPIMs will be in place to ensure that we

continue to do what we want to do and what everybody wants us to do: that is, maintain the security of people in this country.

Yvette Cooper: The Met has been put in a very difficult position. This is Olympic year and it will have considerable additional pressures from policing the games, from counter-terrorism and from an £80 million budget gap. There are no guarantees that it will not have to stump up for some of the riot compensation, too. The letter from the Met says that

"it is not possible to assess fully how the measures will work with the additional capability until both are fully in place and bedded in."

The Home Secretary is forcing the police to conduct an experiment with security in Olympic year. The letter says:

"We will...seek to ensure that there is no substantial increase in overall risk to the UK."

Why does this Home Secretary want to be personally responsible for any increase in the overall risk to the UK in Olympic year as a result of the timing of her legislation? Why does she not think again?

Mrs May: The right hon. Lady knows that when we introduced TPIMs we were able to give assurances about the mitigation of risks in relation to TPIMs and their replacement of control orders. I ask her to reflect on why the coalition Government reviewed counter-terrorism legislation when we came to power. It was because of a concern about the impact of some of the legislation that her Government had introduced. It was a rebalancing of the necessary role of ensuring national security and maintaining civil liberties that led us to review that legislation. We have in place measures that I believe will enable us to provide the security that we need to provide. The package of measures includes TPIMs and extra money for surveillance for both the Security Service and the police, and I am confident that that package will give them the degree of cover they need to ensure that we maintain security.

T2. [85742] **Greg Mulholland** (Leeds North West) (LD): My constituent Altaf Sadique had his car registration plate cloned earlier this year. He reported that to the police, who accepted the report and are aware that his car remains in west Yorkshire, but he continues to get fines from all around the country and the police say it is nothing to do with them. Will the Minister look seriously at having a national strategy to ensure that police forces co-operate to deal with this serious problem?

The Minister for Policing and Criminal Justice (Nick Herbert): I will certainly look into the matter that my hon. Friend raises and I am happy to discuss it further with him. Police co-operation in all matters is, of course, desirable.

T6. [85746] **Kate Green** (Stretford and Urmston) (Lab): Tomorrow, the Howard League for Penal Reform will publish a report showing that about 50,000 children, including about 10,000 girls, spent the night in police custody in both 2009 and 2010. Will the Home Secretary look urgently at the inappropriate and overuse of the detention of children overnight? What can she do to improve processes between local authorities and the police?

Nick Herbert: I note the hon. Lady's point and we will study the report when it is produced by the Howard League tomorrow.

T5. [85745] **Simon Kirby** (Brighton, Kemptown) (Con): What progress has the Minister made in identifying bogus colleges and what reassurances can he give to legitimate colleges in Brighton and Hove?

The Minister for Immigration (Damian Green): As my right hon. Friend the Home Secretary said a few minutes ago, the number of colleges that did not register when the new proper accreditation system came in was more than 470. Some but not all of those will have been bogus colleges, so we have swept away a vast raft of bogus colleges. Reputable colleges can now be assured that we have a proper accreditation system. If they satisfy that system, their students and the wider community will know that they are genuine colleges.

Mr David Lammy (Tottenham) (Lab): I wrote to the Secretary of State two weeks ago asking her to review the Independent Police Complaints Commission's handling of the Mark Duggan case. Given the catastrophe that was this morning's pre-hearing inquest and the family's declaring no public confidence in the IPCC, will she now look at its handling of the case and the thoroughness of this investigation?

Nick Herbert: I have just replied to the right hon. Gentleman. I have spoken to the acting chairman of the IPCC about the matter and the investigation, and he has assured me about the investigation's integrity. We therefore see no reason at the moment to order any review. It is important that the investigation takes its course properly.

T7. [85747] **Craig Whittaker** (Calder Valley) (Con): Will the Minister explain what she is doing to ensure that the families of missing people get the help and support they need when a loved one goes missing?

The Minister for Equalities (Lynne Featherstone): We have published the new missing children and adults strategy, which has three important provisions. The first of these is prevention and reducing the number of people who go missing in the first place. The second is protection and reducing the harm to those who do go missing. The third is provision—providing support and advice to missing persons and their families by referring them promptly to agencies and ensuring that they understand how and where to access help.

Bill Esterson (Sefton Central) (Lab): Merseyside police have been very successful in cutting metal theft in my constituency, particularly by working with reputable traders. They deserve congratulations on their approach. Will the Home Secretary help the police across the country and back Labour's four-point plan, including tougher police powers to close down rogue traders?

The Parliamentary Under-Secretary of State for the Home Department (James Brokenshire): I welcome the work of Merseyside police and other police forces around the country in dealing with metal theft. It is why we are moving forward with the metal theft taskforce, and why that will also be responsible for greater co-ordination, but I hear the points that the hon. Gentleman makes about penalties. That is something that we are actively considering in the context of our review of the current legislation. *[Interruption.]*

Mr Speaker: Order. The House must come to order to hear Mr Gavin Barwell.

T8. [85748] **Gavin Barwell** (Croydon Central) (Con): Despite the tough settlement for the Metropolitan police, our borough commander in Croydon has found the resources for a dedicated team to tackle gangs. Given that gang members played a key role in the riots in Croydon on 8 August, can my right hon. Friend confirm that Croydon is one of the 22 areas to which she referred that will benefit from Government funding?

Mrs May: I am grateful to my hon. Friend for giving me the opportunity of doing just that. I can confirm that Croydon is one of the 22 areas that will be receiving funding. That funding will be distributed according to the proportion of 10 to 24-year-olds in each of the 22 areas, and I can tell him that on that basis Croydon has the fourth highest proportion and will therefore receive the fourth highest sum of funding.

Ian Austin (Dudley North) (Lab): The weekend before last, 13 British citizens including, disgracefully, a Member of this House, were present at a party in a French restaurant where members of that group—*[Interruption.]* It is no laughing matter—where members of that group toasted the Third Reich and chanted "Hitler, Hitler, Hitler," behaviour which, I understand, is illegal in France. Will the Home Secretary give me her assurance that she will be contacting her French counterparts and giving them every promise that the matter will be dealt with?

Mrs May: I found it difficult to find in the hon. Gentleman's question something relating to the Home Office. I understand the question that he raised, and I understand that the individual in question has apologised.

T9. [85750] **David Morris** (Morecambe and Lunesdale) (Con): I welcome plans to set up a professional body for policing. Does my right hon. Friend agree that such a body would be an ideal opportunity to promote the importance of high-quality training, which is very much in the interests of our police officers?

Nick Herbert: I agree with my hon. Friend. We have an important opportunity now to set up a professional body for policing to focus on the need to provide high-quality training for police officers and to set standards. I am grateful to the senior police leadership for engaging in our work to discuss the issue. We will be bringing proposals before the House.

Paul Flynn (Newport West) (Lab): Can the Minister give me the precise total number of prisons in Britain that are free from the use of illegal drugs?

Nick Herbert: I will write to the hon. Gentleman with that information.

Esther McVey (Wirral West) (Con): May I draw attention to the Merseyside police force and how it has handled staffing changes and efficiency savings over the past year? Not only has the force hit all its targets, but crime is down 3%, antisocial behaviour is down 6%, and public confidence is up 5%, so despite the scaremongering from the Opposition, it is possible to have efficiency savings and a decrease in crime.

Mrs May: I join my hon. Friend in paying tribute to the work that is being done by the Merseyside force in relation to the savings that it is making in its budgets. As Chief Constable Jon Murphy has said,

"It's not salami slicing but re-engineering the whole organisation."

As my hon. Friend has shown, that can be done effectively, saving money but providing a good service to the public. *[Interruption.]*

Mr Speaker: Order. The questions must be heard and Ministers must be heard.

Tessa Munt (Wells) (LD): The Home Secretary is aware that women prisoners will only ever move between women's prisons, and similarly young people will only move through young offenders institutions. What discussions has she had with her counterparts at the Department for Business, Innovation and Skills and the Ministry of Justice to ensure that we look at prison education for women as a cluster and for young people as a cluster, instead of relying on local arrangements?

Mrs May: My hon. Friend raises an important issue, and behind it lies the important issue of the number of women who go to prison. For many women, an alternative arrangement might be more appropriate, which is something Baroness Corston raised in her report on women in prison. I will certainly take on board my hon. Friend's point and ensure that it is put to the Secretaries of State for Business, Innovation and Skills and for Justice.

Mr Speaker: I have been saving the hon. Gentleman up. I call Mr Peter Bone.

Mr Peter Bone (Wellingborough) (Con): Does the Immigration Minister agree that on rare occasions something good comes out of the European Union and that we should appoint a national rapporteur on human trafficking?

Damian Green: I am afraid that on this issue I am more Eurosceptic than my hon. Friend, as I do not believe that a national rapporteur would improve our already very effective combating of human trafficking. Indeed, only two other EU member states have such a rapporteur.

EU Council

3.30 pm

The Prime Minister (Mr David Cameron): With permission, Mr Speaker, I would like to make a statement on last week's European Council—

Hon. Members: Where's Nick?

Mr Speaker: Order. The House must calm itself, taking whatever medicaments are required for the purpose, and the Prime Minister's statement must and will be heard.

The Prime Minister: Thank you, Mr Speaker.

I went to Brussels with one objective: to protect Britain's national interest, and that is what I did. Let me refer to what I said to the House last Wednesday. I made it clear that if the eurozone countries wanted a treaty involving all 27 members of the European Union, we would insist on some safeguards for Britain to protect our own national interests. Some thought that the safeguards I was asking for were relatively modest. Nevertheless, satisfactory safeguards were not forthcoming, so I did not agree to the treaty. Let me be clear about exactly what happened, what it means for Britain and what I see happening next.

Chris Ruane (Vale of Clwyd) (Lab): Où est Clegg?

Mr Speaker: Order. I apologise for interrupting the Prime Minister. I hope that Members have now got it out of their system. The statement will be heard. Right hon. and hon. Members on both sides of the House will have ample opportunity to question the Prime Minister, but courtesy and parliamentary convention dictate that the statement will be heard.

The Prime Minister: Thank you, Mr Speaker.

Let me take the House through the events of last week. At this Council, the eurozone economies agreed that there should be much tighter fiscal discipline in the eurozone as part of restoring market confidence. That is something that Britain recognises as necessary in a single currency. We want the eurozone to sort out its problems. That is in Britain's national interest because the crisis in the eurozone is having a chilling effect on Britain's economy too, so the question at the Council was not whether there should be greater fiscal discipline in the eurozone, but how it should be achieved.

There were two possible outcomes: either a treaty of all 27 countries, with proper safeguards for Britain; or a separate treaty in which eurozone countries and others would pool their sovereignty on an intergovernmental basis, with Britain maintaining its position in the single market and in the European Union of 27 members. We went seeking a deal at 27 and I responded to the German and French proposal for treaty change in good faith, genuinely looking to reach an agreement at the level of the whole of the European Union, with the necessary safeguards for Britain. Those safeguards—on the single market and on financial services—were modest, reasonable and relevant. We were not trying to create an unfair advantage for Britain. London is the leading centre for financial services in the world, and this sector employs 100,000 people in Birmingham and a further 150,000 people in Scotland. It supports the rest of the economy in Britain and more widely in Europe.

We were not asking for a UK opt-out, special exemption or a generalised emergency brake on financial services legislation. They were safeguards sought for the EU as a whole. We were simply asking for a level playing field for open competition for financial services companies in all EU countries, with arrangements that would enable every EU member state to regulate its financial sector properly. To those who say that we were trying to go soft on the banks, nothing could be further from the truth. We have said that we are going to respond positively to the tough measures set out in the Vickers report. There are issues about whether this can be done under current European regulations, so one of the things we wanted was to make sure we could go further than European rules on regulating the banks. The Financial Services Authority report on RBS today demonstrates just how necessary that is—*[Interruption]*—and perhaps instead of talking Opposition Members will remember their responsibility for the mess that they created.

Those who say that this proposed treaty change was all about safeguarding the eurozone, and so Britain should not have tried to interfere or to insist on safeguards, are fundamentally wrong as well. The EU treaty is the treaty of those outside the euro as much as it is for those inside the euro, so creating a new eurozone treaty within the existing EU treaty without proper safeguards would have changed the EU for us, too. It would not just have meant a whole new bureaucracy, with rules and competences for the eurozone countries being incorporated directly into the EU treaty; it would have changed the nature of the EU—strengthening the eurozone without balancing measures to strengthen the single market.

Of course, an intergovernmental arrangement is not without risks, but we did not want to see that imbalance hard-wired into the treaty without proper safeguards. To those who believe that that was not a real risk, I tell them that France and Germany said in their letter last week that the eurozone should work on single market issues such as financial regulation and competitiveness. That is why we required safeguards, and I make no apology for it.

Of course, I wish those safeguards had been accepted, but frankly I have to tell the House that the choice was a treaty without proper safeguards or no treaty—and the right answer was no treaty. It was not an easy thing to do, but it was the right thing to do. As a result, eurozone countries and others are now making separate arrangements for the fiscal integration that they need to solve the problems in the eurozone. They recognise that this approach will be less attractive, more complex and more difficult to enforce, and they would prefer to incorporate the new treaty into the EU treaties in future. Our position remains the same.

Let me turn to what this means for Britain. Britain remains a full member of the European Union, and the events of the last week do nothing to change that. Our membership of the EU is vital to our national interest. We are a trading nation, and we need the single market for trade, investment and jobs. The EU makes Britain a gateway to the largest single market in the world for investors; it secures half of our exports and millions of British jobs; and membership of the EU strengthens our ability to progress our foreign policy objectives, too,

[The Prime Minister]

giving us a strong voice on the global stage on issues such as trade and, as we have seen in Durban this week, climate change and the environment.

So we are in the European Union and we want to be. This week there will be meetings of the Councils on Transport, Telecommunications and Energy, and Agriculture and Fisheries. Britain will be there as a full member of each one, but I believe in an EU with the flexibility of a network, not the rigidity of a bloc. We are not in the Schengen no-borders agreement, and neither should we be, because it is right that we use our natural advantage as an island to protect ourselves against illegal immigration, guns and drugs; we are not in the single currency, and while I am Prime Minister we will never join; we are not in the new euro area bail-out funds, even though we had to negotiate our way out of them; and we are not in this year's euro-plus pact.

When the euro was created, the previous Government agreed that there would need to be separate meetings of eurozone Ministers, and it is hardly surprising that those countries required by treaty to join the euro chose to join the existing eurozone members in developing future arrangements for the eurozone. Those countries are going to be negotiating a treaty that passes unprecedented powers from their nation states to Brussels. Some will have budgets effectively checked and re-written by the European Commission. None of this will happen in Britain. But, just as we wanted safeguards for Britain's interests if we changed the EU treaty, we will continue to be vigilant in protecting our national interests.

An intergovernmental treaty, while it does not carry with it the same dangers for Britain, is none the less not without risks. The decision of the new eurozone-led arrangement is a discussion that is just beginning. We want the new treaty to work in stabilising the euro and putting it on a firm foundation. I understand why they would want to use EU institutions—but this is new territory and does raise important issues that we will want to explore with the euro-plus countries. So in the months to come we will be vigorously engaged in the debate about how institutions built for 27 should continue to operate fairly for all member states, Britain included. The UK is supportive of the role of the institutions, not least because of the role they play in safeguarding the single market, so we will look constructively at any proposals with an open mind. But let us be clear about one thing: if Britain had agreed treaty change without safeguards, there would be no discussion. Britain would not have proper protection.

Finally, let me turn to the next steps. The most pressing step of all is to fix the problems of the euro. As I have said, that involves far more than simply medium-term fiscal integration, important though that is. Above all, the eurozone needs to focus, at the very least, on implementing its October agreement. The markets want to be assured that the eurozone firewall is big enough, that Europe's banks are being adequately recapitalised, and that problems in countries like Greece have been properly dealt with. There was some progress at the Council, but far more needs to be done. The eurozone countries noted the possibility of additional IMF assistance. Our position on IMF resources remains the one I set out at the Cannes G20 summit. Alongside non-European G20 countries, we are ready to look positively at strengthening the IMF's capacity to help countries in difficulty across the world. But IMF resources are for countries, not currencies, and cannot be used specifically to support the euro—and we would not support that.

There also needs to be greater competitiveness between the countries of the eurozone. To be frank, the whole of Europe needs to become more competitive. That is the way to more jobs and growth. Many eurozone countries have substantial trade deficits as well as budget deficits. If they are not to be reliant on massive transfers of capital, they need to become more competitive and trade out of those deficits. The British agenda has always been about improving Europe's competitiveness, and at recent Councils we have achieved substantial progress on completing the single market in services, opening up our energy markets, and exempting micro-businesses from future regulations. This has been done by working in partnership with a combination of countries that are in the eurozone and outside it. Similarly, on this year's EU budget, it was Britain, in partnership with France, Germany and Holland, that successfully insisted on no real increases in resources—for the first time in many, many years in the EU.

On defence, Britain is an absolutely key European player, whether leading the NATO rapid reaction force or tackling piracy in the Indian ocean. Our partnership with France—*[Interruption.]*

Mr Speaker: Order. I apologise for having to interrupt the Prime Minister. Those on the Opposition Front Bench, at the moment, are making the most noise. *[Interruption.]* Order. This is not acceptable. The Leader of the Opposition will have an opportunity to reply on behalf of the Opposition, and his colleagues must conduct themselves with a degree of reserve.

The Prime Minister: Thank you, Mr Speaker.

Our partnership with France was crucial in taking successful action in Libya. Britain will continue to form alliances on the things we want to get done. We have always had a leading role in advocating the policy of enlargement and, at this Council, we all celebrated the signing of Croatia's accession treaty. That was one European treaty I was happy to sign.

Let me conclude with this point. I do not believe there is a binary choice for Britain: that we can either sacrifice the national interest on issue after issue or lose our influence at the heart of Europe's decision-making processes. I am absolutely clear that it is possible to be a full, committed and influential member of the European Union but to stay out of arrangements where they do not protect our interests. That is what I have done at this Council. That is what I will continue to do as long as I am Prime Minister. It is the right course for this country. I commend this statement to the House.

Edward Miliband (Doncaster North) (Lab): May I start by thanking the Prime Minister for his statement? We all note the absence of the Deputy Prime Minister from his normal place.

The reality is this: the Prime Minister has given up our seat at the table; he has exposed, not protected, British business; and he has come back with a bad deal for Britain. The Prime Minister told us that his first priority at the summit was to sort out the eurozone, but the euro crisis is not resolved. There is no promise by

the European Central Bank to be the lender of last resort, there is no plan for growth and there is little progress on bank recapitalisation. Will he first tell us why his promise of action did not materialise and what that will mean for the British economy in the months ahead? At the summit that was meant to solve these problems, the Prime Minister walked away from the table.

Let me turn to where that leaves Britain. Many people feared an outcome of 17 countries going it alone. Few could have anticipated the diplomatic disaster of 26 going ahead and one country—Britain—being left behind. The Prime Minister rests his whole case on the fact that 26 countries will not be able to use the existing treaties or institutions. That is apparently the win that he got for this country. However, can he confirm that article 273 of the treaty on the functioning of the European Union allows those countries to use the European Court of Justice? No doubt they will end up using the Commission's services and, yes, even the buildings—the point that he made in the negotiations. In case anyone had any doubt, that was confirmed yesterday by the absent Deputy Prime Minister, who said:

"Well it clearly would be ludicrous for the 26, which is pretty well the whole of the European Union…to completely reinvent…a whole panoply of new institutions."

The Prime Minister will not even be sent the agenda for the meetings that will start in January. He will read about decisions affecting British business in the pages of the *Financial Times*.

The Prime Minister's next claim was that he did not want to sign up to the fiscal rules being imposed on euro area countries. Can he confirm that no one even proposed that those would have applied to Britain? The next claim in his statement was that he did what he did because the treaty posed a grave threat to our financial services industry. However, over the whole course of the weekend, he has been unable to point to a single proposal in the proposed treaty that would entail the alleged destruction of the City of London. Will he tell us what the threat was?

In any case, there is nothing worse for protecting our interests in financial services than the outcome that the Prime Minister ended up with. Will he confirm that he has not secured one extra protection for financial services? The veto on financial services regulation—he did not get it. The guarantees on the location of the European Banking Authority—he did not get them. Far from protecting our interests, he has left us without a voice.

The sensible members of his party understand that as well as anyone. What did Lord Heseltine say—*[Interruption.]* Oh, how significant! That is what the Tory party now thinks of Lord Heseltine. What did he say at the weekend?

"You can't protect the interest of the City by floating off into the middle of the Atlantic."

It is no longer the Conservative party of Lord Heseltine; it is the Conservative party of the hon. Member for Stone (Mr Cash), who went out on Friday saying that this was exactly what he had always wanted.

What about the rest of British business, which the Prime Minister does not seem to have been thinking about? The danger is that the discussions about the single market, on which it relies, will now take place without us. Only this Prime Minister could call that leadership. The Deputy Prime Minister clearly does not agree with him. He said that the outcome leaves Britain "isolated and marginalised". Does the Prime Minister agree with that assessment? How can he expect to persuade anybody else that it is a good outcome when he cannot persuade his own deputy?

The Prime Minister claims to have wielded a veto. Let me explain to him that a veto is supposed to stop something happening. It is not a veto when the thing that you wanted to stop goes ahead without you. That is called losing. That is called being defeated. That is called letting Britain down. I have not finished with the Prime Minister yet. Next, I want to ask him—*[Interruption.]*

Mr Speaker: Order. I am worried about the health of the right hon. Member for Mid Sussex (Nicholas Soames). He must calm himself and have a lie down, if necessary, while we listen to the Leader of the Opposition.

Edward Miliband: Next, I want to ask the Prime Minister about how he ended up with this outcome. The proposals he tabled, when he tabled them and his failure even to try to build alliances for them suggest someone who did not exactly want a deal. Can he confirm that what he actually proposed was to unpick the existing rules of Lady Thatcher's Single European Act as regards the internal market? Given that those proposals would have changed 25 years of the single market, why did he make them in the final hours of the summit?

Where were the Prime Minister's allies? If he wanted a deal, why did he fail to build alliances with the Swedes, the Dutch, the Poles and Britain's traditional supporters? If he really did want to protect the single market and financial services, why did he not seek guarantees that those issues would be discussed only with all 27 members in the room?

In any case, the Prime Minister should not have walked away, because the truth is—*[Interruption.]* Just calm down. The truth is, the treaty will take months and months to negotiate. Other countries have carried on negotiating and carried on fighting for their national interest. The real answer is this: he did not want a deal, because he could not deliver it through his party. He responded to the biggest rebellion of his party in Europe in a generation by making the biggest mistake of Britain in Europe for a generation.

So this is a bad deal, which we ended up with for bad reasons, and it will have long-lasting consequences. It is a decision that means we are on the sidelines, not just for one summit but for the years ahead. The Prime Minister said in this House on 24 October that what mattered

"is not only access to that single market but the need to ensure that we are sitting around the table".

He went on:

"That is key to our national interest, and we must not lose that."—[*Official Report*, 24 October 2011; Vol. 534, c. 38.]

Well congratulations, Prime Minister, that is exactly what you have done. He has done what no Prime Minister ever thought was wise—to leave the room to others, to abandon our seat at the table.

The Prime Minister says he had no choice. He did. He could have stayed inside and fought his corner; he should have stayed inside and fought his corner. Faced with a choice between the national interest and his

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party interest, he has chosen the party interest. We will rue the day this Prime Minister left Britain alone, without allies, without influence. It is bad for business, it is bad for jobs, it is bad for Britain.

The Prime Minister: A lot of sound and fury, but one crucial weakness—the right hon. Gentleman has not told us whether he would sign up to the new treaty. He had about 15 minutes, and he could not tell us whether he is for it or against it. Has it got enough safeguards in it, or has it got too few safeguards? Would a Labour Government back it, or would they veto it? Let me tell him: if you cannot decide, you cannot lead.

Inasmuch as there were some specific questions, let me try to answer them. The right hon. Gentleman asks what the threat was to financial services. Why cannot he understand that if you allowed a new treaty of 17 members within the EU, without proper safeguards, huge damage could be done to the single market and to financial services? He asks what will happen when this new organisation goes ahead. Of course, a new organisation cannot do anything that cuts across the existing treaties or the existing legislation, so he does not even understand how the European Union works.

The right hon. Gentleman asks what we gained from the veto. I will tell him: we stopped Britain signing up to a treaty without any safeguards. That is what we gained.

On the issue of the City and financial services, the right hon. Gentleman completely fails to understand that this is a nationwide industry. It is not just the City of London; it is the whole of our country. I have to say, there was not a word about the report today showing that Labour was to blame for the appalling regulation of the Royal Bank of Scotland. Then, of course, we had a lecture—*[Interruption.]*

Mr Speaker: Order. Members must calm down. I have my eye on one hon. Gentleman from the north of England who entered the House 32 years ago and should know better.

The Prime Minister: Of course, then we had a lecture on how to negotiate. I have to say that I am not going to take any lessons from people who gave in time after time to the comfy consensus rather than ever stand up for Britain. Just look at the record: the previous Government joined a bail-out scheme even though it was not protecting a currency that they were a member of; they gave up the rebate even though they got nothing in terms of the reform of agriculture; and they signed up to the Lisbon treaty but never had the courage to put it to the British people. Every time, they just go along with what others want.

The Leader of the Opposition also talked about growth and jobs. Let me just say this: his plan, alone in Europe, is to spend more, borrow more and increase debt by more. All the while, if he wants to join the euro, he needs to understand that the treaty that is being established would actually make that illegal. The very thing he wants to do in Britain he wants to ban in Brussels.

But the key question the right hon. Gentleman cannot answer is this: does he back this treaty or not? If the answer is yes, he should have the courage to say so. If the answer is no, he should have the honesty to say that I was right to keep Britain out of it. And let me just say this: just because the right hon. Gentleman is in opposition does not mean that he should oppose Britain's interests.

Sir Peter Tapsell (Louth and Horncastle) (Con): May I declare my admiration and full-hearted support for my right hon. Friend at this definitive moment in his first premiership, and query whether this Brussels summit achieved anything of strategic value to protect the threatened European banking system? Without the long-delayed and still unpromised massive support of the European Central Bank and the Bundesbank, the euro is doomed—[Hon. Members: "Doomed!"] Yes, doomed—and as Chancellor Merkel has said, the European Union is doomed with it.

The Prime Minister: I certainly agree with my right hon. Friend on the balance of effort that has been given, on the one hand, to new treaty powers and changes, and, on the other, to actually looking at what needs to be done, particularly in the short term, in terms of the firewall, bank recapitalisation and action by the ECB. More needs to be focused on those things rather than on the medium-term power changes in the EU, which I do not think are being hovered over by the markets, which are working out whether countries can pay their debts. In that regard, my right hon. Friend is right.

Mr Jack Straw (Blackburn) (Lab): There was no draft treaty before the European Council last Thursday and Friday; there was a set of draft conclusions. Will the Prime Minister set out the paragraph numbers that he thinks would have damaged Britain's interests had we agreed to them? Will he also confirm that we had a veto on a financial transactions tax before the Council and that we still have one; and that financial services regulation was subject to qualified majority voting before last Thursday and still is?

The Prime Minister: As I said in my statement, the eurozone members wanted to create a new treaty within the EU, which has all sorts of dangers. If the right hon. Gentleman looks at the letter that Angela Merkel and Nicolas Sarkozy sent, he will see that they specifically wanted the 17 to look at issues such as financial services and the market within that treaty. Without safeguards, a treaty within a treaty would have been far more dangerous than a treaty outside the EU.

Let me repeat this point: a treaty outside the EU cannot do anything that cuts across European treaties or European legislation. Of course, that is not without its dangers, but my judgment was that without safeguards, an EU treaty was more dangerous.

Sir Malcolm Rifkind (Kensington) (Con): The leadership of the Prime Minister in Brussels compares favourably with the refusal of the Leader of the Opposition over three long days to indicate whether he would have supported the treaty. The public will come to their own conclusion.

Does the Prime Minister agree that the term "two-speed Europe" is inaccurate, because it implies a destination that all countries will reach except over a different period? Whereas, is it not the case that the UK and

perhaps other countries will never find it possible to accept a destination that involves not only a single currency, but fiscal union, tax harmonisation and supranational control of budgets? Is it not necessary to have a fundamental debate about whether Europe can become a Europe à la carte in order to survive?

The Prime Minister: My right hon. and learned Friend makes an important point. This is not about the speed at which different organisations travel: it is about the fact that Europe already has different facets. Britain is not in the single currency or in the Schengen no-borders agreement, but we are a leading member of the single market and we play a huge role in foreign and defence policy throughout Europe and NATO. We should not be embarrassed about that, and we should do what is in our national interest—rather than thinking that the right thing to do is to sign up whether or not it suits us.

David Miliband (South Shields) (Lab): Will the Prime Minister confirm that in all the negotiations since 1973 the United Kingdom has never lost a significant vote on financial services regulation? Why does he think that his negotiating tactics in the future would fail where those of Margaret Thatcher and Tony Blair succeeded, and why does he think that it is helpful to have driven nine other members of the European Union who are not in the euro into Franco-German hands?

The Prime Minister: For all the right hon. Gentleman's experience, I think that he is very naive about what is happening in Europe over financial services. Time and again—*[Interruption.]*

Mr Speaker: Order. Members must calm themselves. I am concerned for them, and I also feel that the Prime Minister must be heard.

The Prime Minister: There have been any number of examples of frankly discriminatory legislation against financial services in the European Union that have affected Britain very badly. Let me give the right hon. Gentleman one example. At the moment, the ECB is taking Britain to court on the basis that we should not be able to clear euros through London. So we would be put in the extraordinary position that banks in Britain could clear Swiss francs, dollars and yen, but—even though we are in the single market—we could not clear euros. That is one example of discriminatory legislation. When you are faced with a situation in which the 17 eurozone members want to go into a further treaty within the European Union, with all the powers and force that would have—*[Interruption.]* They are not going to have a treaty within the European Union: they are doing it outside—it is right to seek safeguards. That is why the right hon. Gentleman is naive not to understand that.

Sir Menzies Campbell (North East Fife) (LD): May I congratulate my right hon. Friend on his unequivocal statement that our membership of the European Union is vital to our national interests, and express the hope that he may give it some wider currency in his own party? He mentioned both the single market and the eurozone. What practical steps can our Government take now to assist in reaching a solution to the problems of the eurozone and towards enhancing the opportunities provided by the single market, both of which are essential to the economic prosperity of this country?

The Prime Minister: Let me repeat again to the right hon. and learned Gentleman that I do believe that it is in Britain's interest to be in the European Union and to be active, especially on those dossiers where that is in our interest—chief among which is the single market. If we want to see what will make a difference to the single currency and the success of the eurozone, nothing matters more than competitiveness, where Britain should be very active, with others both in the eurozone and outside, to drive forward changes. We are fully committed to keeping up that work.

Margaret Hodge (Barking) (Lab): Any politician with experience of doing business in Europe knows that you never go to a key European meeting without having done extensive and thorough preparatory work, so that as you walk in you are pretty much sure of the outcome you will get. Either the Prime Minister did not bother to do the preparatory work, and betrayed Britain's long-term interests through sheer incompetence, or he had made up his mind before to use the veto because he was afraid of his own Back Benchers. Which of those two was it?

The Prime Minister: Let me say to the right hon. Lady that I went to Brussels wanting a result at 27, but there were safeguards that I believed that Britain needed. Frankly, you can have all the experience of negotiating in the world, but if you are not prepared to say no from time to time, you do not have any influence or power.

Mr John Redwood (Wokingham) (Con): I congratulate my right hon. Friend on his excellent statesmanship. Does he agree that Britain has much more negotiating strength today, because Europe knows that it is dealing with a Prime Minister who will say no if he needs to, than when we had two Prime Ministers who gave in to bad deal after bad deal, including giving away our rebate for no good reason?

The Prime Minister: I am grateful to my right hon. Friend. It is the case that on too many occasions under the previous Government, Britain was outnumbered, but on the issue of the rebate, it was given away for nothing in return simply because they wanted to go along with a cosy and comfortable consensus. Sometimes it is necessary to say no. In my judgment, we did not have the safeguards that we needed, so, as a result, it was right not to agree to this treaty.

Mr Denis MacShane (Rotherham) (Lab): Out of every European Council meeting, there are perceptions and realities. The Prime Minister did list some of the realities, but may I put it to him that the perception around the world, in not just Europe but the United States, is that we have committed a diplomatic catastrophe? The words "isolated" and "Britain" are fused. To come back from that, will he assure the House that in all future negotiations, he will take with him the Deputy Prime Minister, who, I believe, spoke for Britain?

The Prime Minister: The right hon. Gentleman, like so many of those who oppose what has happened, is part of exactly the same group of people who wanted us

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to join the single currency in the first place. They are never prepared to recognise that there are occasions when we need to safeguard our nation's interests and we have to be able to say no.

Mr Peter Lilley (Hitchin and Harpenden) (Con): Does my right hon. Friend agree that the best way to increase one's influence within Europe and, indeed, within a coalition Government is to set up one's position and stick to it?

The Prime Minister: I am very grateful to my right hon. Friend for that question. I always find this slightly surprising. Before going to Brussels I set out exactly what I was going to do and what I would do if I could not get the safeguards. I did exactly what I said I was going to do, but apparently in politics these days that is very surprising.

Mr Nicholas Brown (Newcastle upon Tyne East) (Lab): Will the Basel III regulatory regime for financial services apply in the United Kingdom?

The Prime Minister: I am afraid that I missed the beginning of the right hon. Gentleman's question.

Mr Speaker: Does the right hon. Gentleman wish to repeat his question?

Mr Nicholas Brown: Will the Basel III regulatory regime for financial services apply in the United Kingdom?

The Prime Minister: Yes.

Mr Andrew Tyrie (Chichester) (Con): The Prime Minister must be right to do whatever is required to protect the 1.3 million jobs in our financial services sector. Will he confirm that the current EU proposals for the so-called maximum harmonisation of bank regulations could prevent us from implementing the conclusions of the Vickers commission to make our banks safer with a ring-fence?

The Prime Minister: My hon. Friend is entirely right. One of the things that we are concerned about is that if we want to take the extra action in this country to make our banks safe, including what Vickers is recommending, there is a danger—and this is the current advice—that the current European regulatory framework could stop us doing that. That is exactly the sort of safeguard—it is entirely reasonable, modest and relevant—to ask for in these negotiations. We did not get it, so, as a result, I was not content to go ahead with the treaty.

Mr Nigel Dodds (Belfast North) (DUP): May I, on behalf of my right hon. and hon. Friends, commend the Prime Minister for the stance that he took at the European Council? Indeed, his stance has been welcomed by the First Minister and many in the community in Northern Ireland. The question is where we go from here because there is still qualified majority voting. We can still be outvoted by perhaps a vindictive Europe. Will the Prime Minister now indicate what his next step will be to change the fundamental nature of the relationship that we currently have towards one based on co-operation and free trade and away from ever-closer political union?

The Prime Minister: I am grateful to the right hon. Gentleman for his kind remarks. I have long believed, and still believe, that the balance of powers between Britain and Europe is not right, and I would like some of those powers returned. As Prime Minister, I specifically got the bail-out power back through my first negotiations on the European stability mechanism treaty. In the latest negotiations, we prevented a treaty from going ahead at the level of 27 because there were not adequate safeguards. Frankly, I think that we will see now a period of great change in Europe. No one quite knows where this new organisation outside the European treaties will go, what powers it will seek and how it will act. Neither does anyone know exactly how the eurozone will develop. My job in government is to protect and defend the national interest at all times, and that is what I will continue to do.

Richard Ottaway (Croydon South) (Con): As someone who is not known for his hostility to the European Union, I fully support the Prime Minister for what was an inevitable decision. However, the relationship between the fiscal compact of the 26 and the European Union remains uncertain. In particular, the fiscal compact reads:

"The objective remains to incorporate these provisions into the treaties of the Union as soon as possible."

In the light of that, does he agree that the battle for Britain's interest still has a long way to go?

The Prime Minister: The other EU countries recognise that going ahead at less than 27 has its disadvantages: they do not have the power and authority of the European institutions fully behind them and it will make some of the things that they want to do more difficult. None the less, we have set out our position. We believe that those safeguards are necessary, and I will not, and have not, changed my mind about that. I want to make this point one more time because I am not sure that everyone has taken it fully onboard: the disadvantage for those countries that will have a treaty outside the EU is that it means that nothing can be done in that treaty that cuts across the EU treaties or the legislation adopted under them. That is an important safeguard, given that we could not get the safeguard within the EU treaties.

Several hon. Members *rose*—

Mr Speaker: Order. If I am to accommodate the large number of Back Benchers, as I always wish to do, we will require brevity, a textbook example of which will now be provided by Mr Chris Bryant. *[Laughter.]*

Chris Bryant (Rhondda) (Lab): I think, Mr Speaker, that that was an example of irony.

The single most important thing that our voters have seen over the past weeks and months has been the crisis in the economies across the whole of Europe, which is depressing the economy in this country as well. They want to ensure that they have jobs to go to next year. Last week, the Prime Minister surrendered an opportunity to do that; he surrendered his seat; and he surrendered to his Back Benchers. Is he not ashamed of himself?

The Prime Minister: And it all started so well! The hon. Gentleman is right to say that there is a crisis of jobs and opportunity across Europe, and a lot of that is

linked to the chilling effect of the eurozone crisis. Some of that crisis needs to be resolved by better fiscal integration, and we can argue about whether that requires the treaty change being pushed for by France and Germany, but the real agenda—to help the eurozone and to help growth and jobs—is about competitiveness and the single market, and about ensuring that, even in the short term, there is the big bazooka, the re-capitalisation of the banks and the proper programme for Greece, which are all things that Britain has been pushing for.

Mr William Cash (Stone) (Con): On the protection of the national interest, will my right hon. Friend gently remind the Deputy Prime Minister and the Leader of the Opposition that even Edward Heath's 1970 White Paper confirmed that we have to maintain and use the veto in the national interest and to protect the fabric of the European Union—then the European Community—as a whole? To adapt William Pitt's phrase, my right hon. Friend has exerted all his influence to ensure that Britain is protected. Does he take it that Europe will learn from his example?

The Prime Minister: I am grateful for my hon. Friend's support. I agree that it is important that, when considering changing the institutions of the EU, there must be unanimity, and the veto is there for a purpose—if you feel that the national interests are not being protected. It is important that we maintain that in the EU.

Sir Stuart Bell (Middlesbrough) (Lab): The Prime Minister talked of us being a trading nation, of investment in jobs and of the importance of the eurozone. Why, then, did he not help the Greeks in their bail-out? Why has he not supported the European financial stability facility? Why is he not helping the European stability mechanism? Building on the questions from the right hon. and learned Member for North East Fife (Sir Menzies Campbell) and my hon. Friend the Member for Rhondda (Chris Bryant), what specific measures can the Prime Minister announce today to help the euro, trade, investment and jobs?

The Prime Minister: I respect the hon. Gentleman, who has a long track record on these issues, but on the Greek bail-out I am afraid I just do not support him. Britain was not in the original Greek bail-out—rightly, I think—and we should not be in subsequent Greek bail-outs. Frankly, the last Government made a mistake in getting us into the euro bail-out mechanism. We have got out of that, but that does not mean that Britain is not a generous nation that wants to help its allies. We have lent £5 billion to Ireland, and our economies are very integrated. I think the Irish are doing some very difficult things to get their economy back on track, and we support them in the work they are doing.

Several hon. Members *rose—*

Mr Speaker: Order. I appeal again for single, short supplementary questions.

Malcolm Bruce (Gordon) (LD): Given that we are facing the worst financial crisis in living memory, does the Prime Minister agree with me that the UK coalition Government have a policy for dealing with it and that unfortunately the eurozone does not? What we now need, surely, is to work in parallel to ensure that we have outcomes that are not divergent, but deliver a strong pound and a strong euro.

The Prime Minister: I am very grateful for that question. Of course it is important to recognise in a coalition Government that both sides of that coalition cannot always achieve everything that they want to. However, it is important that we work together, and where we absolutely have agreed is on the importance of a programme of getting our economy back on track. It has been of huge benefit—and will continue to be of benefit to our country—that two parties have put their interests aside to work for the common good.

Tony Lloyd (Manchester Central) (Lab): The thing that was obviously lacking last Friday was any reference to growth or any ambition to get growth in the European economy. Can the Prime Minister dispel the rumour that he offered no leadership on that by telling us what proposals he tabled on European growth?

The Prime Minister: I am afraid that that is completely wrong. Britain has been very consistent, tabling proposal after proposal for growth. It is a British proposal to complete the single market in energy, a British proposal to complete the single market in services and a British proposal, which has just been passed, to exempt all micro-businesses—those with fewer than 10 employees—from future European regulation. Britain has the most pro-growth, pro-enterprise, pro-single market Government, and that is the way it is going to stay.

Mr Bernard Jenkin (Harwich and North Essex) (Con): May I congratulate my right hon. Friend on sticking to a very simple principle of fairness in the European Union: that the institutions for the 27 are there for the 27? May I also remind him and those on the Opposition Benches—and, indeed, the BBC—that he has the support not only of the Conservative party but of the British people for what he has just done?

The Prime Minister: I am grateful for what my hon. Friend says. The absolute key to this issue about the institutions is actually what the new organisation does, rather than necessarily what the institutions do. The key is to protect the single market and those things that are vital for Britain. As I keep repeating, the fact is that an organisation outside the EU treaties is not allowed to cut across those treaties or the legislation under those treaties. It would be a greater danger to allow a treaty of 17 to go ahead within the EU, with all the additional powers, bureaucracy and everything else that involves, unless, of course, you can get the safeguards I was seeking.

Mr David Winnick (Walsall North) (Lab): We have heard the Prime Minister give his account of the meeting. Can arrangements now be made urgently for the Deputy Prime Minister to explain to the House why he is very much opposed to what has occurred?

The Prime Minister: Let me be clear: the negotiating approach of the Government was agreed by the Government before I went to Brussels, because it was very important to set out and agree the safeguards that we believed were necessary—I also set them out to the

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House, by the way—and that was agreed. However, it is of course important to recognise that it is no surprise that Conservatives and Liberal Democrats have not always agreed about European integration. But, as I say, we have both put aside our interest to work in the national interest in having a Government who are able to clear up the mess that the hon. Gentleman's party left.

Andrew Rosindell (Romford) (Con): If there were ever any doubt before, may I tell the Prime Minister that there is none today in the minds of the British people that we are led by a Prime Minister with the courage to put our country's interests first? I thank him for displaying the bulldog spirit in Brussels last week, but will he discuss the long-term future of Europe with members of the European economic area and Switzerland and Turkey, which have customs union with the European Union, to ensure that we are all working together?

The Prime Minister: I am grateful for my hon. Friend's support but would repeat the point I made last Wednesday. Of course Britain has a key interest in being in the European Union. I do not believe that the sort of options that other countries have outside the European Union give them anything like the influence that we have, because it is not just the markets we need open; it is a say over the rules of those markets. That is what membership of the single market gives us in this country.

Mr Michael Meacher (Oldham West and Royton) (Lab): Is it not utterly bizarre that the Prime Minister has marginalised this country and recklessly thrown away Britain's international influence, from Washington to Beijing, solely to protect the City from regulation when it is urgently in need of some regulation? In any case, his veto cannot protect the banking sector from any future EU finance directives. Is he not therefore ashamed that never before has so much been thrown away for so little or, indeed, needlessly for almost nothing?

The Prime Minister: The right hon. Gentleman clearly wrote his questions before coming to the House and listening to my statement. As I set out in the statement, we were not seeking special protections for the City; we were seeking a level playing field. Indeed, in some ways, we were asking to be able to have more regulation here in the UK, not least because of the shambles of RBS. Let us be clear: the Financial Services Authority report today names only three politicians as culpable—Tony Blair, the former Prime Minister and the shadow Chancellor, who was the man partly responsible for this complete shambles that we now have to clear up.

Martin Horwood (Cheltenham) (LD): This morning *The New York Times* questioned whether this country's interests—or, indeed, the City's interests—were not at greater risk, following this weekend's events. Looking forward, what positive reassurance can the Prime Minister give to potential foreign investors that we will remain at the heart of European economic decision making?

The Prime Minister: International investors know that Britain has the advantage of being a member of the single market, but outside the eurozone and the euro. I would say to the hon. Gentleman that the greatest risk for Britain would be to go into a treaty, including a new treaty of the 17 at the EU level, that did not safeguard our interests. Of course I would rather that our protocol had been accepted and that those protections and safeguards had been put in place; they were not, so the greater danger would have been to go ahead with a treaty without those safeguards.

Mr Ben Bradshaw (Exeter) (Lab): Given that Britain has, or perhaps had, many natural friends and allies in the rest of Europe, why does the Prime Minister think he failed to persuade a single one of them of his case?

The Prime Minister: There is great understanding of Britain's interests in the European Union and great support for our backing of the single market, particularly among countries like Holland, Sweden and Germany and the Baltic states. We have just achieved a breakthrough deal—something the right hon. Gentleman never achieved in all his years in government—of a freeze in the EU budget. Britain did that by having allies and supporters in the EU who backed our move.

Andrea Leadsom (South Northamptonshire) (Con): Does the Prime Minister share my concern that Opposition Members just do not get it? They talk about the need to create jobs in Britain, yet they criticise him for looking after Britain's financial services that provide 11% of our tax base and 2 million jobs in this country and are our biggest net export. When are the Opposition going to understand that my right hon. Friend was standing up for British interests?

The Prime Minister: My hon. Friend makes a good point—that the financial services go way beyond the City of London. As I said in my statement, 100,000 people are employed in the financial services in Birmingham, and the sector makes up 7% of UK employment; it is responsible for £1 of every £9 collected in tax, and 3% of our trade surplus. It is a hugely important industry. There would be a threat if there were a treaty of the 17 in the EU without the proper safeguards; that is why I vetoed that approach.

Mr Dennis Skinner (Bolsover) (Lab): Is this not the same Prime Minister who month after month has been castigating working people for not staying at meetings to deal with pensions? He has walked out, without using his veto; he has walked out, without getting a rebate like Mrs Thatcher; and he has walked out without a couple of opt-outs like Major. As Del Boy would say, what a plonker!

The Prime Minister: I can absolutely assure the hon. Gentleman that I did not at any stage walk out of the meeting. What I did was to press Britain's interests as a British Prime Minister should.

Dr Julian Lewis (New Forest East) (Con): Now that the Prime Minister has cast his vote on Europe so effectively in Brussels, does he think there is any chance that the British people might one day have an opportunity to do something similar over here?

The Prime Minister: I wondered how long we would take to reach that issue. I believe that this is the most important use of a referendum: if there is a proposal for

this House of Commons, or any Government, to pass powers from this House to somewhere else, we should ask the British people first. That, for me, in a parliamentary democracy, is the right use of a referendum. However, as we are not signing a treaty, I think that the whole issue of a referendum does not arise.

Mike Gapes (Ilford South) (Lab/Co-op): Does the Prime Minister believe that if Baroness Thatcher and John Major had followed his negotiating tactics, we would have had the Single European Act or the opt-outs on Maastricht that John Major negotiated with Chancellor Kohl?

The Prime Minister: The point about the Single European Act is that it was in Britain's interest, which is why Margaret Thatcher signed it. The Maastricht treaty was only in Britain's interest if we could get an opt-out from the single European currency, and that is what John Major achieved. I could not get a treaty with safeguards, so I was right to say no.

Mark Pritchard (The Wrekin) (Con): I congratulate the Prime Minister on his leadership on this issue and on putting the British national interest first, unlike the Labour party when it was in power for 13 years. Has he seen the results of an opinion poll today, which show huge support in the country for his actions, unanimous support among Conservative Members, and, most revealingly and interestingly, the support of 49% of Liberal Democrat voters?

The Prime Minister: I am grateful to my hon. Friend for his support. The key issue for me was not whether this would be popular today, tomorrow or next week, but what was the right thing for Britain, and I judged that a treaty without safeguards was not right for Britain. *[Interruption.]* For all the interruptions from Opposition Members, I think that until they answer the question "Would you sign this treaty?", a little bit of silence is needed.

Caroline Lucas (Brighton, Pavilion) (Green): Given that it was precisely the City of London's deregulated recklessness that did so much to exacerbate the impact of the financial crisis in this country, can the Prime Minister tell us why he persists in behaving as if the interests of the City were synonymous with the national interest, which they clearly are not?

The Prime Minister: I am not sure that the hon. Lady was listening, but the point is that there are some ways in which we actually want to regulate banks and financial institutions more, but are not able to because of the European Union rules. Some of the other issues that I was considering were specifically about discrimination: it is quite wrong that we, as a member of the single market, are not able to deal in euros in the same way as we are able to deal in dollars and yen.

This was a very straightforward set of undertakings, and it was not about special protection for the City. I hope that I got that across in my statement, and I hope that the hon. Lady will support us when we reach those regulations.

Nadine Dorries (Mid Bedfordshire) (Con): Over the weekend it was impossible to meet a resident of Mid Bedfordshire who was not full of praise and admiration for what the Prime Minister had done in Brussels, but does he share my concern about the fact that the most cowardly and negative attacks over the weekend came not from the Labour party—which is incapable of opposition—but, unfortunately, from the Liberal Democrats? That cowardice is surpassed only by the absence of the Deputy Prime Minister from the Chamber today.

The Prime Minister: I am afraid that I do not agree with my hon. Friend, grateful though I am for her support. We have to recognise that we are in a coalition, and that parties in a coalition cannot achieve all the things that they want to achieve. I think that we must praise each other in the coalition when we make sacrifices on behalf of the country.

The Liberal Democrats did agree to the negotiating strategy that we pursued. I can be very clear: I came to the House, I said what I was going to do, and I then did what I had said I was going to do, because I could not achieve the safeguards that I wanted. That was a very straightforward way in which to act, and, I hope, one that every Member on this side of the House can support.

Mr Frank Field (Birkenhead) (Lab): At what stage of the negotiations did the Prime Minister realise that France and Germany would do their best for us not to sign? As this is a period of Christmas cheer, can he give us an undiplomatic reply?

The Prime Minister: My right hon. Friend— *[Interruption.]* Well, we often agree. It was obviously a developing situation, but I had a meeting with Angela Merkel and Nicolas Sarkozy before the Council began. I had been to see the German Chancellor three weeks before the Council, I had been to see the French President a week before the Council, and I think that there was a good prospect of making an agreement. Conversations were also held with a huge number of Finance Ministers and other Government leaders. Clearly the 27 would rather have a deal at 27. They see the problems and difficulties of what they are proposing, but in the end they were not willing to give the safeguards—rational, moderate, reasonable and sensible though they were—and, as a result, I think I did the right thing.

Jacob Rees-Mogg (North East Somerset) (Con): I am sure that the Prime Minister will want to know that the toast of the people in Somerset was to the pilot who weathered the storm, because he has stood up for democracy, he has stood up for free trade and he has stood up for free markets, and this is to be wonderfully commended.

The Prime Minister: I thank my hon. Friend for his such full-voiced support.

Natascha Engel (North East Derbyshire) (Lab): The Prime Minister said that he went to Europe seeking a treaty change and, had he got that treaty change, he would have had to have held a referendum. If that is the case, can he confirm that success in his eyes would have been a referendum? If so, why does he not hold one?

The Prime Minister: With huge respect to the hon. Lady, I think that she is wrong on both counts. I did not go to Brussels seeking a treaty change; the point was

[The Prime Minister]

that if a treaty change was put forward, there needed to be safeguards for Britain. That is the first point. The second point is that I did not go thinking that a treaty change would necessarily lead to a referendum, because I was not willing to sign up to a treaty change that passed power from Britain to Brussels, so I am afraid that both parts of her question are inaccurate. I also did not go to Brussels with an impossibly long list of demands because of pressure or anything else; I went to Brussels with a set of proposals that were modest, reasonable and relevant.

Nicholas Soames (Mid Sussex) (Con): Will my right hon. Friend reassure successful, outward-looking businesses in Mid Sussex, some of which are understandably anxious about the consequences of what may flow from this weekend, that what the United Kingdom seeks is an adaptable, flexible and competitive EU, and that we will continue to play a full and creative role in Europe, as well as fortifying our important, substantial bilateral relations elsewhere?

The Prime Minister: I agree wholeheartedly with what my right hon. Friend says and I will reassure those businesses. The absolutely key thing is that the single market, which is fully protected by the European Commission, the European Court of Justice and all the institutions of the EU, is unchanged. We have full membership of those treaties and of that organisation, and because the other EU members are going for a treaty outside the EU, that protection will remain. I would say to those businesses that not only do we maintain the single market, but we will keep up the pressure for something else they need, which is a more fundamental solution to the crisis affecting the eurozone.

Mr Elfyn Llwyd (Dwyfor Meirionnydd) (PC): The UK is 90,000 square miles in area, but the Prime Minister seems to think that only one square mile is of any importance. May I put it to him that his colleague—the self-styled "pragmatic revolutionary"—the Deputy Prime Minister was heavily supportive of the Prime Minister on Thursday and Friday, but was yesterday condemning him? Does the Prime Minister have any idea what he is thinking now?

The Prime Minister: On the issue of financial services, this is not about just one square mile of the United Kingdom. I think of people working in the financial services industry in Cardiff, and I think of banks, building societies and insurance businesses right across Wales. They need to know that there is fair regulation within the EU and they want those safeguards too. It is not just about those industries on their own; it is about the support they give to the other industries as well.

Conor Burns (Bournemouth West) (Con): May I add my words of support for the Prime Minister, who at the weekend kept faith with this House and, more importantly, with the country? Can he confirm that, as the Foreign Secretary said yesterday, the existing treaties of the European Union belong to all 27 member states and that there can be no question of the eurozone countries having recourse to the institutions, mechanisms and procedures of those treaties?

The Prime Minister: I think what my hon. Friend says is important. The treaties belong equally to those who are in the euro and those who are out of the euro. The key thing is that if there are going to be further changes to those treaties—if you are going to allow the eurozone members to do something within the architecture of the European Union—it is important to get safeguards for those countries that are not in the euro, not going to join the euro, want to safeguard the single market and recognise that there is a potential threat to financial services. That is what we were about in Brussels and that is what matters.

Several hon. Members *rose—*

Mr Speaker: Order. Once again, I appeal to Members to help each other by being brief.

Keith Vaz (Leicester East) (Lab): Given the current economic crisis in Europe, does the Prime Minister believe that the Europe 2020 strategy still has a future as a successor to the Lisbon benchmarks, and is he confident that we will achieve those shared goals?

The Prime Minister: The short answer is that the 2020 strategy needs to have a future and we must encourage European Union countries to spend more time focusing on what really drives growth, which is completing the single market, rather than some of these initiatives on medium-term fiscal austerity and big transfers of sovereignty. I know that they are important—and particularly important for some in the EU—but real growth will be driven through the single market.

Steve Brine (Winchester) (Con): May I remind the Prime Minister that we on these Benches and the vast majority of the British people support what he did last week and are very glad that it was this party leader and this party leader alone who was speaking up for Britain at this summit? Does he agree with one of his predecessors? She said:

> "Europe is strongest when it grows through willing co-operation and practical measures, not compulsion or bureaucratic dreams."—[*Official Report*, 22 November 1990; Vol. 181, c. 451.]

The Prime Minister: I am very grateful for my hon. Friend's support. The point I made in my statement about Europe being a network, not a bloc, is completely consistent with that. We should not be shy about its developing as a network, with some networks we want to be in and others we do not.

Frank Dobson (Holborn and St Pancras) (Lab): Will the Prime Minister confirm that British banks and finance houses hold about £75 billion of bonds issued by eurozone Governments and that in the event of a default, with nobody representing Britain, he will still be expected to get the British taxpayer to bail some of them out?

The Prime Minister: The exposure of the British banks to European countries is published by the Bank of England—quite right, too—and obviously we want to avoid a collapse of the eurozone and to ensure that it takes the necessary steps to prevent that from happening.

This Government will obviously always do whatever is necessary to safeguard our financial system and the economy.

Jo Swinson (East Dunbartonshire) (LD): Against the odds, an excellent deal on climate change was agreed in Durban this weekend, with the UK playing a leading role alongside our EU counterparts. Would the Prime Minister reflect on whether such constructive and positive diplomacy might be a better approach to securing British interests than rushing for the exit?

The Prime Minister: I certainly agree that the Durban outcome is worth while and it is a staging post towards another global deal, which is very worth while. I am afraid I do not see any contradiction between being incredibly positive and constructive and having a bottom line. When you have a bottom line, it is quite important that you stick to it.

Hugh Bayley (York Central) (Lab): Over the years to come, as a result of the Prime Minister's decisions, economic and financial power will inevitably drain away from London to Frankfurt. How is that in the interests of British manufacturing or British financial services?

The Prime Minister: This is exactly the argument that was made about the euro. I remember it very well. People said that if we did not join the euro, Frankfurt would be the major financial centre of Europe and not Britain. Frankly, it was scaremongering then and is scaremongering now—from the same people.

Mr David Evennett (Bexleyheath and Crayford) (Con): I welcome the Prime Minister's statement and his standing up for British interests, which I am sure will be widely supported across the whole country. Does my right hon. Friend remember the words of the former Prime Minister, Tony Blair, after a confrontation with Europe, when he said:

"If we are isolated and we are in the right, then that's the correct position"

to be in? Would he not agree?

The Prime Minister: Yes.

Malcolm Wicks (Croydon North) (Lab): Is this the first case in recorded history of a proud premiership team relegating itself to a second division, cheered on by the new English Tea party?

The Prime Minister: Again, this is the same argument that we had at the time of the debate about whether Britain should join the euro and it is largely the same people making it. They were in favour of it and felt that not joining the euro meant relegating oneself to the second division. Frankly, I am glad that Britain is out of the euro. We are able to set our own interest rates and make our own decisions for the benefit of our economy here in Britain and we are better off because of it. It is the same arguments from the same people; they were wrong then and they are wrong now.

Philip Davies (Shipley) (Con): The Prime Minister should be in no doubt that he did the right thing last week. Will he confirm that he will not make any further policy concessions to the lickspittle Eurofanatics on the Lib Dem Benches as a result of doing the right thing for Britain last week?

The Prime Minister: I am always grateful for my hon. Friend's support but he tends to take it just a little too far. The coalition is right for Britain and I want it to go on working for the good of Britain. We have to recognise that that sometimes means we cannot get the things we want.

Clive Efford (Eltham) (Lab): Will the Prime Minister explain specifically what safeguards are in place today for the City of London and British interests that were not in place last week?

The Prime Minister: Clearly, if we had been able to achieve the protocol on financial services there would have been greater safeguards, but the safeguard we do have is that we are not signing up to a treaty that could have put that industry in danger.

Henry Smith (Crawley) (Con): I congratulate my right hon. Friend on his bold and courageous stance in the early hours of the morning last Friday and I should like to pass on the thanks that many of my constituents have expressed to me over the weekend. Will he confirm that of the nations at the European Council that did sign up to an agreement, the Parliaments of Bulgaria, Poland, Denmark, Sweden, Latvia, Lithuania and others such as Hungary still need to approve and ratify it?

The Prime Minister: My hon. Friend makes a very good point. We do not yet know exactly how the new organisation and treaty will develop or how many countries will sign up to it. There will then be a huge process involving very detailed scrutiny by and punishment from the European Commission if Governments draw up inappropriate budgets or have a structural deficit of greater than 0.5%. Labour left us a structural deficit of—what was it?—7% or 8%? There are big processes to go through before the treaty is either finalised in March or implemented, for which it will again have to be put to Parliaments and, possibly, even to referendums as well. There are many hoops to go through.

Austin Mitchell (Great Grimsby) (Lab): I am not going to criticise the Prime Minister for using his veto because that job can safely be left to his Liberal Democrat colleagues who are hawking their consciences around the media. Surely, however, he would have done better to use the big bazooka later when the undemocratic and deflationary consequences of this Merkozy diktat became clear, because at that stage he would have had lots of allies, which he should have had now and used now.

The Prime Minister: The hon. Gentleman makes an interesting argument. There are big questions to answer for the countries that are signing this. I think you have to have that sort of fiscal co-ordination with a single currency—he and I probably agree that that is one of many reasons why we should not join a single currency. My job at that European Council was to stand up for Britain's interests and that is what I did.

Mr David Nuttall (Bury North) (Con): I welcome the stance taken by the Prime Minister. Given that the other members of the European Union refused to agree

[Mr David Nuttall]

even to the very modest proposals that he put forward, what chance is there of their ever agreeing to allow this country to regain control over such matters as those covered by, for example, the working time directive?

The Prime Minister: I am grateful for my hon. Friend's question, but I am not as pessimistic as he is that there is no prospect of rebalancing powers within the European Union. There are possibilities and opportunities. We did that in terms of the bail-out fund and I think there will be opportunities in future.

Stewart Hosie (Dundee East) (SNP): The concordat on the co-ordination of European Union policy is very clear—it requires the UK Government to engage with the devolved Governments in the formulation of UK policy, but that clearly did not happen on this occasion. How will the Prime Minister now explain to Cardiff, Belfast and Edinburgh that adopting an isolationist policy and abdicating all leadership is anything other than damaging and dangerous?

The Prime Minister: I do not accept that. In the final analysis, our relations with the European Union are a reserved issue for the UK Parliament and the UK Government. To be fair to this Government, we have gone further than any previous Government on the issues that really matter to people in Scotland—about the single market, fisheries and decisions taken within the European Union—to work very constructively with the other Administrations.

Elizabeth Truss (South West Norfolk) (Con): Does the Prime Minister agree that Britain's influence in the world is dependent on our economic strength, our productivity and our competitiveness, and that we should not trade away these valuable assets?

The Prime Minister: My hon. Friend makes an important point. Every country in Europe is challenged at present in relation to its economy, and it is very important to make sure that we are safeguarding Britain's interest, staying in the single market, seeking extra safeguards for finance and other industry, and making sure we can grow out of this crisis.

Kate Hoey (Vauxhall) (Lab): The Prime Minister must know that right across the UK, the majority of the public and—dare I say it on the Opposition Benches?—the majority of Labour voters support what the Prime Minister has done. He knows that that is the reality. Does he agree that instead of seeing ourselves isolated in Europe, what the public want to see now is our looking to be much more internationalist and less little Europeanist?

The Prime Minister: I have great sympathy with what the hon. Lady says. What it requires is both action within Europe on issues that matter to us, such as the single market, and a recognition that we should be refreshing and restoring our links with other parts of the world, whether it is the Gulf, the Commonwealth or the fast-growing countries of south-east Asia. This Government are committed to doing all those things.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): In Aberdeen in the north-east of Scotland and in Norway, there is considerable concern that the draft regulations on offshore drilling for oil and gas threaten the gold safety standard achieved in the North sea. Will what happened last week make it easier or more difficult to get the qualified minority necessary to make sure that those regulations are withdrawn and a directive is used as a means of implementing them?

The Prime Minister: I do not think what happened last week will have any impact on that decision because these issues are dealt with properly in the single market, and an organisation set up outside the EU cannot cut across existing treaties or existing legislation. We should work very hard to make sure we get a good deal for the North sea.

Kelvin Hopkins (Luton North) (Lab): The great former Labour politicians Peter Shore and Bryan Gould both said that the single currency would fail, and they have been proved absolutely right. Does the Prime Minister accept that the choice is between a controlled deconstruction of the euro or an uncontrolled crash, and will he make this point to his European colleagues?

The Prime Minister: What I would say to the hon. Gentleman is that "I told you so" is not an economic policy. I have every sympathy with what he says. I have never supported Britain joining the euro because a single currency implies a single economic policy and a single fiscal policy, and trying to run those things across different democracies is so incredibly difficult. That is what they are struggling with, but if I am asked what is Britain's interest today, I would say that it is for the eurozone to sort out its problems. A break-up of the eurozone would have very severe consequences for banks across Europe and also for banks here in Britain, and could trigger some very, very difficult economic times. In spite of what the hon. Gentleman says, we should be working constructively to encourage eurozone countries to do what is necessary, particularly in the short term, to stabilise a difficult situation.

Andrew Selous (South West Bedfordshire) (Con): May I warmly congratulate the Prime Minister on standing up for British interests last week and on refusing to take the approach of Labour, who signed away £7 billion of British rebate for nothing in return?

The Prime Minister: I thank my hon. Friend for his support. What we do not know is what the Opposition's approach is to this issue. Despite all the fury we have heard from those on the Opposition Benches, they cannot tell us whether they support the treaty proposal or not.

Stephen Timms (East Ham) (Lab): Britain will continue to be subject to EU single market financial services regulation. Do we not now have a major problem in that we will be absent when many of those rules are drawn up?

The Prime Minister: That is absolutely not the case because this new organisation cannot draw up or pass proposals that cut across EU treaties or EU legislation. The right hon. Gentleman knows this well. It is the case

that Britain has suffered from some of the regulation that has come out of Brussels on financial services, and that we need greater safeguards. If we cannot get those safeguards within a treaty, it is better that those countries are in a separate treaty. That is a better safeguard than the alternative, and that is the point that he needs to understand.

Gavin Barwell (Croydon Central) (Con): The Leader of the Opposition's argument that one should never leave an empty seat at the table is surely a criticism of the previous Government's failure to join the euro. [HON. MEMBERS: "What?"] There has been an empty seat at the table ever since we did not join the euro. Does my right hon. Friend agree that somebody who is never prepared to disagree with our European friends, even when that is in British interests, is not fit to hold the office of Prime Minister?

The Prime Minister: I am grateful for my hon. Friend's support. His point about the creation of the euro being the fundamental moment that created these tensions in Europe is entirely right. The previous Government's position was that they wanted to get us into the euro, but they realised that that was not possible. I think that that is still their policy. It was the creation of the euro that fundamentally changed the relationship in Europe, but even they decided that it was okay for eurozone countries to meet on their own. That is not being isolated; it is recognising the reality that Britain does not want to be in the euro, so we cannot stop the meeting going ahead.

Mr Kevin Barron (Rother Valley) (Lab): Given that last Thursday was not about joining the euro but about protecting the interests of the euro as a currency and, therefore, the interests of our national economy, as the Prime Minister has said this afternoon and on several occasions over the past few weeks, why has he walked away from such a responsible position and allowed our economy potentially to be attacked if there is no success in looking after the interests of the euro? We did it with Ireland, and rightly so, so why are we not looking at taking action more widely to protect the interests of this country?

The Prime Minister: What we did with Ireland, as a very close neighbour, long-standing friend and integrated economy, was give it a bilateral loan, which was the right thing to do. I do not accept that the proposal put forward on Thursday night and Friday morning is the most important part of delivering a successful euro. We need to spend more time on the single market, on competitiveness and on short-term measures to stabilise the eurozone. I simple do not believe that whether a treaty is within or without the EU will make a huge difference to the future of the euro.

Several hon. Members *rose—*

Mr Speaker: Order. Short, single-sentence questions and the Prime Minister's characteristically pithy replies would enable me to get in all Members who are still standing. I ask them to help me to help them.

Mr Peter Bone (Wellingborough) (Con): I have received an important message to pass on to the Prime Minister: "The efforts of the Prime Minister on Thursday night gave me great pleasure. Yours ever, Mrs Bone."

The Prime Minister: As ever, I am grateful for her support.

Mr Wayne David (Caerphilly) (Lab): Is it correct that the Deputy Prime Minister said that he is not here because he does not want to be a distraction?

The Prime Minister: The point is that the Deputy Prime Minister and I agreed the negotiating strategy for the European Council, and that is important because it was the whole Government who were doing it at the Council.

Greg Mulholland (Leeds North West) (LD): The Prime Minister was negotiating as the Prime Minister of the coalition Government. Does he agree that now is not the time to listen to either those who say that we should leave the EU, or those who say that we should push into political and fiscal union, and can he tell the British people that he will stick to the coalition policies and get the economy back on its feet?

The Prime Minister: I am grateful to the hon. Gentleman and absolutely confirm that that is the case. The coalition is united in wanting to have growth policies across Europe and in promoting the single market in a very active way, and I can guarantee that we will continue to do that.

Meg Hillier (Hackney South and Shoreditch) (Lab/Co-op): The Prime Minister had the opportunity to visit Feltham and Heston last week and arrived late at the European summit. How many leaders of the 26 other EU member states did he speak with in the fortnight before the summit?

The Prime Minister: First, I went to Feltham and Heston because I do not believe in the normal chicken theory that Prime Ministers should stay away from by-elections, so I am proud to have gone. I spoke to a wide audience of DHL employees who live in the constituency and encouraged them to vote Conservative before Christmas. After that, I popped in to see my son's nativity play, which was also a rare joy. I got to the European Council some time before it started and met the Italian Prime Minister, the French President and the German Prime Minister. In addition, I had had a series of telephone calls with the Dutch Prime Minister, the Swedish Prime Minister and many others besides. I am sure that the hon. Lady understands—it is called multi-tasking.

Geoffrey Clifton-Brown (The Cotswolds) (Con): My right hon. Friend had no option but to use his veto, if British interests were to be protected. Does he agree that the euro sovereign debt crisis is still the most important threat to us all and that that is what our eurozone partners ought to be concentrating on, rather than unwanted treaty changes?

The Prime Minister: My hon. Friend makes a very good point. I quite understand why particularly the Germans want this fiscal union and want tougher rules because they do not want to see irresponsible behaviour repeat itself. One can debate whether that actually requires change in the treaty or not, but we have to spend more

[The Prime Minister]

time on the other parts of solving the crisis, which are to do with short-term changes and longer-term competitiveness.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): The Prime Minister is aware that this situation represents one of the most fundamental changes in our national politics and in European politics. Will he assure the House that in all his future negotiations he will be mindful to look after not just financial services but the manufacturing sector and other service industries that do not have a part to play in the City of London?

The Prime Minister: I completely agree with the hon. Gentleman. I do not see financial services on their own, because they obviously have a role in supporting the rest of the economy. The key in terms of Europe for the rest of the economy is the single market, and that is what we are determined to safeguard.

Chris Heaton-Harris (Daventry) (Con): The UK wields its influence in the EU in many different ways, and our net contribution to the EU in 2010-11 was £9.2 billion. We are the second largest net contributor, so perhaps we could become a little more like the unions with Labour and demand a little more influence for our money.

The Prime Minister: My hon. Friend makes a good point, which is that we are a major player in the European Union, not least because we are the second largest net contributor, which gives us a huge amount of influence. We have safeguarded the European Union and its treaties—not allowing them to be changed if we were not able to get the safeguards that we needed.

Chris Ruane (Vale of Clwyd) (Lab): Does the Prime Minister know the whereabouts of the Deputy Prime Minister, and will their tiff lead to separation and divorce?

The Prime Minister: No.

David Rutley (Macclesfield) (Con): I should like to pass on the hugs, best wishes and kisses from people in Macclesfield, who are very grateful for the stance that the Prime Minister took last week. Under the previous Government, from 2005 the burden of EU regulation cost British businesses billions of pounds each year. What steps is my right hon. Friend taking to reduce, rather than increase, the burden of EU regulation?

The Prime Minister: I am grateful for that question. We are working extremely hard, particularly in the area of the single market, to encourage the Commission, which is now looking at reducing the burden of the regulation that it passes and, specifically, the burden of regulation on businesses that employ fewer than 10 people. We have for the first time secured the idea of a moratorium: there will not be more regulations on them in the coming years.

Pat Glass (North West Durham) (Lab): May I remind the Prime Minister that it is the jobs of not just the banks and the City of London which matter here? Millions of jobs throughout the country and in constituencies such as mine rely directly on the EU and on Britain being at the centre of the EU. Now that we are no longer at the table, who is going to stand up for those jobs?

The Prime Minister: I say to the hon. Lady, first, that the RBS report reminds us of the terrible effect on the rest of the economy when the banking system goes wrong because it is not regulated properly, so there is a very important connection. Secondly, other businesses require us to safeguard the single market, and that is exactly what I did.

Mike Weatherley (Hove) (Con): Given that we are the second largest contributor to Europe, does the Prime Minister agree that without our contribution Europe would fail?

The Prime Minister: It does mean that we have a huge amount of influence in the EU, and that we do drive, particularly in the area of single-market policies. My hon. Friend makes the point that we have to ensure that we get value for money, however, and that is why I am so keen that we manage to achieve a freeze in the EU budget this year.

Gregg McClymont (Cumbernauld, Kilsyth and Kirkintilloch East) (Lab): There is great concern throughout the business community about the implications of the Prime Minister's walk-out from the European summit. Will he reassure the House that the uncertainty caused by that decision will not impact upon real jobs in the real economy of the United Kingdom?

The Prime Minister: I can certainly give the hon. Gentleman that assurance, because we can say to international investors, to businesses looking at Britain, "You have all the advantages of the single market—access to Europe's markets—but we are not in the eurozone. Of course, we are affected by what happens in the eurozone, but our interests are just over 2%, whereas countries in the eurozone with budget deficits like ours have interest rates more like 5%, 6%, 7%."

Margot James (Stourbridge) (Con): Is my right hon. Friend aware of the words this morning of Chancellor Merkel's spokesperson on last week's vote? He said that

"this changes absolutely nothing of the fact that Britain is one of our closest partners and one of our most important allies and friends... We want to make the single market a joint success, and that is something for which we have Britain on our side... Britain thus remains a very important partner for Germany."

Does my right hon. Friend not share my surprise that, if the German Chancellor can accept that it is perfectly possible to stand up for one's national interest and be a good European, that fact should elude the Opposition?

The Prime Minister: My hon. Friend makes a very good point. That leads to something else, which is that the countries that are like-minded on single-market issues—Holland, Germany, Sweden, the Baltic states—want Britain to be there when we are discussing single-market issues. That is another reason I do not believe that this separate treaty and separate organisation will cut across the single market.

Kevin Brennan (Cardiff West) (Lab): For the sake of clarity, can the Prime Minister tell the House where the

Deputy Prime Minister is and why he is not here for this extremely important statement?

The Prime Minister: The Deputy Prime Minister agreed to the negotiating strategy. I am not responsible for his whereabouts, but I am sure he is working extremely hard.

Mr John Baron (Basildon and Billericay) (Con): The Prime Minister's veto has rightly struck a chord with the nation. May I suggest that instead of this being the end of the affair, it should be the start of a process to recalibrate our relationship with the EU based on free trade and growth and not on political union and regulation, which has cost this country so much?

The Prime Minister: I am grateful for my hon. Friend's support. Our position is that we want to get the best out of Europe for Britain. That means a focus, yes, on the single market, but it is not purely about a focus on trade—it is about recognising that that market is not just open for our goods but that we have a say in setting the rules. That is absolutely key to our national interest.

Paul Blomfield (Sheffield Central) (Lab): What will the Prime Minister say to those leaders of the manufacturing sector who believe that his actions have deeply undermined their interests? They include Ian Rodgers, the director of UK Steel, who said today that

"we are going to become less relevant in political decision-making".

The Prime Minister: I do not agree with that. A lot of these arguments were made when Britain did not join the euro. A number of organisations, media outlets and, indeed, political parties and political leaders said, "If you stay out of the euro, you'll marginalise Britain and it'll be bad for our economy." That was not the case. They were wrong then, and I think they are wrong now.

Dan Byles (North Warwickshire) (Con): Most post-treaty analysis has focused on the use of the veto, but can the Prime Minister confirm that the detail of the fiscal union proposed by the rest of the European Union would, quite remarkably, render the Opposition party's entire economic policy illegal?

The Prime Minister: That is a very good point. We know that the leader of the Labour party is committed to joining the euro, if he is Prime Minister for long enough. At the same time, if he supported this treaty—but frankly we have not heard today whether he is for it or against it—and joined this treaty he would make his own policy illegal and he would be fined by the European Commission for the policies that the shadow Chancellor, who I see is now not here either, has signed him up to.

Graham Stringer (Blackley and Broughton) (Lab) *rose—[Interruption.]*

Mr Speaker: Order. The House will want, without exception, I hope, to hear Mr Graham Stringer.

Graham Stringer: Thank you, Mr Speaker.

Europe would not be in the economic and political mess that it is in now if we had not had to wait nearly 40 years before a British Prime Minister came back and said that he or she had used the veto. Can the Prime Minister tell us how, and when, he is going to repatriate some of the powers that have been so carelessly given away?

The Prime Minister: I am grateful for the hon. Gentleman's support. As I said, we have brought back the bail-out power. We have prevented Britain from joining this treaty without the safeguards. I believe there will be opportunities in the future. There are areas, particularly in terms of costly regulation, where Britain has paid a high price for European regulation, and we should use future opportunities to act on that.

Bob Russell (Colchester) (LD): I bring some grandfatherly advice to the proceedings. I urge the Prime Minister to let the dust settle, keep calm and carry on carefully, but please to abandon the Carlos Tevez approach to Europe. Bridges need to be built, and the first bridge the Prime Minister can build is to get Tory MEPs to rejoin the group of mainstream European conservatives.

The Prime Minister: I am very grateful for the grandfatherly advice. I remember the advice that the hon. Gentleman used to give me when we both cycled in to the House of Commons many years ago, so I will take it carefully on board. I will also take away the Carlos Tevez reference and give it a bit of thought.

Karl Turner (Kingston upon Hull East) (Lab): It is becoming increasingly obvious to everyone that the Lib Dem partners in this coalition are completely pointless. As the Prime Minister does not know the whereabouts of his deputy, will he assure the House and Mrs Clegg that he will send out a search party to look for him?

The Prime Minister: Did the hon. Gentleman really wait one hour and 34 minutes for that? I am keen to hold on to the rebate and I think that his constituents might want a rebate as well.

Mr Sam Gyimah (East Surrey) (Con): We are hearing from outside the House an answer that the Leader of the Opposition would not give on whether he would have signed the treaty last Thursday. His aides are saying that he would not have signed it. Will the Prime Minister press him further to give us an answer on whether he would have signed the treaty?

The Prime Minister: I am very grateful to my hon. Friend for looking at Twitter or whatever else it is that the Leader of the Opposition now uses. I gather that it is possible for the Leader of the Opposition to come back on that. Perhaps he can confirm whether he would have signed the treaty. I am happy to give him a few more minutes if we get a bit of clarity.

Mr Speaker: I think that the sensible approach, in conformity with convention, is to stick to questions to and answers from the Prime Minister in this Chamber.

Bill Esterson (Sefton Central) (Lab): In the words of one business leader today,

"Margaret Thatcher was a constant thorn in the side of European leaders, but she never vacated the negotiating table; I am anxious by the implications of what the prime minister has done."

[Bill Esterson]

When will the Prime Minister give business in this country the reassurance that it needs about the impact that his walking away will have on jobs and the economy?

The Prime Minister: I think that business does understand that we must be in the European Union for trade, growth and jobs, and that our membership of the single market is key. However, there is a lot of damaging regulation coming from Brussels and we need to stand up to that. When new treaties are suggested that involve huge fiscal changes and other changes in the European Union, it is right that Britain should seek safeguards. I am not hearing the same message from business that the hon. Gentleman is hearing.

Karen Bradley (Staffordshire Moorlands) (Con): We have heard much this afternoon about the number of people who are employed in financial services. More than 2,000 of those jobs are located in my constituency. Can the Prime Minister reassure those employees that the action that he took last week was in their interests and that it will safeguard their jobs and not put them at unnecessary risk?

The Prime Minister: I can certainly do that. My hon. Friend makes the important point that this is an industry that is based around the country and not just in London. However, the protections of the single market go far beyond the financial services industry.

Nia Griffith (Llanelli) (Lab): The Prime Minister has likened his experience of EU negotiations to playing chess against 26 different people. Will he therefore tell us what attempts he has made to build alliances with countries that have similar views to the UK, which could have played with him rather than against him?

The Prime Minister: Year after year, Ministers have had to stand at this Dispatch Box and apologise as the EU budget has gone up by 3%, 4%, 5% or more, because it is decided by qualified majority voting. I put together a qualified majority bloc so that we could get a real-terms freeze in the budget. There was help from Germany, France, Sweden and Holland. That is exactly the sort of constructive role that we play.

Mrs Anne Main (St Albans) (Con): I am pleased that we have a Chancellor who understands that we need to take tight control of the fiscal reins of this country and that we have a Prime Minister who understands the difficult questions that need to be asked. I am surprised that we have a Leader of the Opposition who does not understand any of that and who cannot make his mind up. May I ask, with all humility, when the great British public will have the chance to have a say on Europe?

The Prime Minister: I am grateful to my hon. Friend for her support. I have given my answer on a referendum. I think that there is a role for referendums in a parliamentary democracy, but that comes at the moment when a Government or a Parliament proposes to give up power, rather than at other times.

Mr Ronnie Campbell (Blyth Valley) (Lab): How many countries outside the European Union have free trade agreements with it?

The Prime Minister: There is a growing number, with countries such as Mexico, and now we have the Korea free trade agreement. I am very keen to try to finalise the Japan free trade agreement. Huge effort should be made to have such treaties, because they are good for both sides.

Alun Cairns (Vale of Glamorgan) (Con): May I pay tribute to the Prime Minister for his practical approach to the negotiations last week? May I also say that his practical, obvious negotiating style now seems to be supported by the Leader of the Opposition, whose aides are briefing the press that he would not have signed the agreement, in the same way that the Prime Minister did not?

The Prime Minister: Ah. Either the Leader of the Opposition has no control over his aides, who are randomly briefing the press about his position, or he failed to tell the House, in his minutes and minutes of speaking, that he would not have signed the treaty. If he would have signed it, he can say I made the wrong decision, but if he would not, he will have to accept that I made the right decision. He either has to have the courage of his convictions or give an answer.

Jonathan Ashworth (Leicester South) (Lab): Will the Prime Minister confirm that his veto does nothing to strengthen financial services in the way that he would want? Now that he has adopted a position of isolation, does he think he is more or less likely to win those safeguards in the future?

The Prime Minister: The key safeguard that we did get was against a treaty without proper protections and safeguards for the single market. It was in Britain's interest to do that, and that is what the hon. Gentleman needs to understand.

Simon Hughes (Bermondsey and Old Southwark) (LD): After last week's isolation, can the Prime Minister confirm that he still agrees fully with the words of the coalition agreement that

"Britain should play a leading role"

and be

"a positive participant in the European Union",

and that in that way we will help solve the economic crisis and bring growth and jobs to the United Kingdom?

The Prime Minister: I completely agree with that. We are members of the European Union, and that membership has not changed; nor have the treaties that govern the single market.

Alex Cunningham (Stockton North) (Lab): We all know that an ill-prepared Prime Minister failed to build the alliances and friendships to ensure that Britain's best interests were protected in Europe last week. What will he be doing on his days off, when the leaders of the other 26 EU nations are sitting around a table, working hard and discussing economics that affect countries both inside and outside the eurozone?

The Prime Minister: What I will be doing is sorting out the mess that the hon. Gentleman's party left when it left office.

Chris Kelly (Dudley South) (Con): My right hon. Friend might be interested to hear that I have recently visited businesses in Dudley South that are now exporting to markets such as Mexico, Brazil and the far east. Given the decline of the European Union's share of world GDP and world trade over the past decade, does he agree that we need to ensure that we have robust relationships with the rising powers in Asia and south America as much as with the declining powers in the EU?

The Prime Minister: My hon. Friend is right. What we want is the best of both worlds. We want to have the single market in Europe and use it to drive free trade deals with countries in south and central America and the far east, so that we maximise trade for Britain, Europe and the world.

Mark Lazarowicz (Edinburgh North and Leith) (Lab/Co-op): Is it not more likely than not that the 26 member states other than Britain will increasingly agree among themselves courses of action on financial services, the single market and other matters, and that even if Britain still has the right to oppose them in the full EU, it will not be able to stand out against 26 countries that have effectively agreed a position among themselves?

The Prime Minister: The new organisation outside the EU cannot draw up or implement agreements on financial services or other things that have an impact on the single market. Those things have to be done through the Single Market Council. Of course there will always be difficulties at that Council, where frankly my right hon. Friend the Chancellor has to fight Britain's corner very hard, but the danger for us was allowing the treaty of the 17 to come into the EU without proper safeguards. That is why we behaved as we did.

Christopher Pincher (Tamworth) (Con): Is my right hon. Friend aware that François Hollande, the front-runner for the French presidency in next year's elections, has said that if elected he will tear up the accord because it is not right for France? Does that not suggest that there are socialists who appreciate it when Britain stands up for herself? Sadly, they are not our socialists.

The Prime Minister: I do not want to get drawn into the French election campaign, because despite reports to the contrary I am still on extremely good terms with my friend Nicolas Sarkozy, as the Libya campaign proved. I will say one thing: at least the Opposition leader in France has told us what he thinks. I can see the Opposition Front Benchers tweeting, blogging and poking for all they are worth, but they still do not have a policy.

Gordon Banks (Ochil and South Perthshire) (Lab): The Prime Minister has referred to today's Financial Services Authority announcement, and I have to say that he has selective memory loss, because it was he who was calling for less and lighter-touch regulation of our financial services when he was in opposition.

May I ask the Prime Minister why it was better to placate his Back Benchers than stay in the room, stand up and fight for British interests?

The Prime Minister: There are two points. First, the FSA mentions only three politicians, one of whom is the shadow Chancellor. On placating people, if the hon. Gentleman casts his mind back to last Wednesday, he will find that I was not particularly placating anybody with the moderate and reasonable requests I was making of the European Union. It was leadership on behalf of Britain, not any one part of it.

Martin Vickers (Cleethorpes) (Con): My right hon. Friend will be aware that he has the overwhelming support of my constituents from across the political spectrum. If we are to safeguard jobs and expand the economy, we must be equally robust in all our EU negotiations. He will know that the common fisheries policy adversely affects my constituency. Will he assure my constituents that his colleagues will follow his lead when negotiating on that matter?

The Prime Minister: I know how important the cod issue is to my hon. Friend's constituents and people right across that region. I will ensure that Ministers in the coalition Government stand up for our fishermen.

Gavin Shuker (Luton South) (Lab/Co-op): The Prime Minister has stated that he wanted to deal at the level of 27 nations. Why, then, did he end up having bilateral discussions with just three?

The Prime Minister: The point is that it is quite clear that when it came to the issue of wanting a change to the treaty—[Hon. Members: "Answer!"] I am answering the question very directly. It was clear that the Germans and the French were leading the charge on wanting a change to the treaty, so it was very important to have discussions with them, but I also had discussions with the Dutch, the Swedish, the Irish and many others.

Nadhim Zahawi (Stratford-on-Avon) (Con): May I add my support to the Prime Minister and to the coalition Government for taking a tough decision under difficult circumstances? Will he confirm that over and above our contribution to the EU, we buy more from Europe than we export to it? The difference is about £100 billion in product, which the eurozone will need at the moment to help it out of its crisis.

The Prime Minister: My hon. Friend makes an important point. We have a large trade deficit with Europe, apart from in one area: financial services. Frankly, I wish our economy was more rebalanced. We are aiming to rebalance it, but it is important in the meantime that we recognise realities.

Mr William Bain (Glasgow North East) (Lab): Successful completion of the single market could add 7% to UK gross domestic product. After Thursday's summit and the Prime Minister's policy of isolation, does he believe that he has more or fewer allies in Europe for something that is vital to our national interest?

The Prime Minister: We have huge amounts of allies and support for action on the single market. If the hon. Gentleman looks at what has happened in the past 18 months, he will see that there have been more positive steps taken by the European Commission on the single market than there have been for the past 10 yeas or more. If we look at what is happening on the services directive, energy, small business, we see that the penny has finally dropped that Europe has a role, but it needs to be about deregulation. That is no coincidence. One reason is that of the 27 countries sitting around the table, only four are run by socialists.

Dr Thérèse Coffey (Suffolk Coastal) (Con): Many jobs in Suffolk rely on a fair, level playing field in the single market. If last Friday morning was not the time to stand up for British interests, when is?

The Prime Minister: My hon. Friend is right. Institutional arrangements and treaty arrangements in the EU must be agreed by unanimity. If anyone is not content with what is being put forward, it is perfectly acceptable to do what I did and say, "I am not happy to go ahead with the treaty without these safeguards."

Toby Perkins (Chesterfield) (Lab): The Prime Minister has heard from Members on both sides of the House about the worries of manufacturing industry. Will he say specifically which exporting firms think that his actions last week will make exports easier rather than harder—which ones have come out and supported his move?

The Prime Minister: Frankly, I have found huge support from the business community for what I have said—and that spans a huge number of different industries. Many industries are asking what we will do about the problem of excessive regulation. That should be dealt with through the single market, which we will continue to do.

Mr Robert Buckland (South Swindon) (Con): As someone who has long advocated a positive role for Britain in Europe, may I welcome my right hon. Friend's decision on Friday as the right one for this country? Will he further commit the Government to carry on engaging strongly with our European partners to ensure more jobs and growth in the single market?

The Prime Minister: I am grateful for my hon. Friend's support. I have spoken to a number of people over the last few days, in my party and others, who have a long history of supporting Britain's membership of the EU and who think that what I did was right. Of course we need to engage, and in terms of the single market we need to make that engagement even more powerful in the weeks and months ahead. But it was right, on this occasion, to say no to this treaty.

Ian Austin (Dudley North) (Lab): There is one member of the Government who does not seem to share his colleagues' antipathy for all things European, but after sitting through and paying for a dinner at which guests toasted the Third Reich and chanted "Hitler, Hitler, Hitler"—*[Interruption.]* Members on the other side of the House may not take this seriously, but why has the Prime Minister not sacked—

Mr Speaker: Order. I simply say—*[Interruption.]* Order. I am perfectly capable of handling these matters myself. If I wanted help, I certainly would not ask Back Benchers of any party, or anybody else for that matter.

I simply say to the hon. Gentleman that he asked his question earlier, and it was perfectly in order for him to do so, but we are here discussing the European summit and the Prime Minister's statement on it. The hon. Gentleman is an ingenious fellow—

Ian Austin *rose—*

Mr Speaker: Order. I am being helpful to the hon. Gentleman. I have known him since we were at university together 29 years ago, and I have probably forgotten more about him than he knew in the first place. I am being kind to him and he has said enough for today. He can use other methods to get his point across, and I am sure that he will.

Stephen Mosley (City of Chester) (Con): It is only the tough action taken by my right hon. Friend's Government to tackle our own deficit that has made us a safe haven in Europe and given us a choice last week. Is it not the case that if we had followed the economic policies advocated by the Opposition, it would not be the eurozone asking us for help, but us going to beg Europe to bail us out?

The Prime Minister: My hon. Friend makes an important point. At the last election, British and Greek interest rates were pretty much equivalent at about 4.5% and we had similar sized deficits. What has happened since is a huge increase in Greek interest rates and a decline in British interest rates, partly because we have a plan—and have shown that we have a plan—to deal with our debts and our deficit.

Esther McVey (Wirral West) (Con): The Populus poll reported today shows that only 14% of the public opposed the Prime Minister's actions. Does that not show that Members on this side of the House are totally in touch with public opinion and the Opposition are not?

The Prime Minister: I am grateful to my hon. Friend for that point. What I also noticed from that poll, which says that more than 50% support what we have done and—as she says—14% are against, is that the leader of the Labour party does have a constituency of opinion among the people who have not made up their minds.

David Morris (Morecambe and Lunesdale) (Con): May I congratulate the Prime Minister on the strength he has shown in leading this country? The tabloid press says that £40 billion would have gone over to Europe, or £642 for every man, woman and child in this country. I thank the Prime Minister for stopping that happening, and will he point out to the Leader of the Opposition—who now says that he would not have signed the treaty—that instead of being cast adrift on the waves of the Atlantic, we are now the financial lifeboat of Europe?

The Prime Minister: I am grateful to my hon. Friend for his question. The point about the budget is important because, as a net contributor, every extra percentage

point of budget increase does result in a big transfer from Britain to Brussels, so it is important that we have managed to achieve a freeze.

Simon Kirby (Brighton, Kemptown) (Con): May I congratulate the Prime Minister on his strong and decisive leadership and on doing not only what is best for Britain, but best for the 2,000 of my constituents who work in financial services?

The Prime Minister: I thank my hon. Friend, who has made a number of sacrifices on my behalf over the last 18 months, one of which is waiting to the very last in this marathon question session. I am delighted that he believes that we have done the right thing for Britain and for Brighton, and I praise him for his very hard work in his constituency.

Mr Speaker: I am extremely grateful to the Prime Minister and other colleagues, as 101 Back Benchers had the opportunity to question the Prime Minister in the 88 minutes of exclusively Back Bench time on this statement. I thank colleagues for their co-operation.

Royal Bank of Scotland (FSA Report)

5.24 pm

The Financial Secretary to the Treasury (Mr Mark Hoban): With permission, Mr Speaker, I should like to make a statement.

Today the Financial Services Authority published its report on the failures that led to the near collapse of the Royal Bank of Scotland. It is a thoroughly detailed report, listing a catalogue of management and regulatory failures that almost felled one of the world's largest banks. Given the billions of pounds of taxpayers' money that was needed to bail out the bank, not once, but twice, and for a total sum of £45 billion, it is right that taxpayers are told the full story.

It is fair to say that the report makes for depressing reading. For the shadow Chancellor, it is as damning as it is depressing. The report lays bare the gross failures of the regulatory regime that was devised and driven by the shadow Chancellor and his party.

It is now well known that the tripartite system set up by the previous Government failed spectacularly in its mission to maintain stability. The decision to divide responsibility for assessing systemic financial risks between three institutions meant that in reality no one took responsibility. As the report laments, the FSA was solely responsible for the entire range of financial regulation issues, from the prudential soundness of major systemically important banks, to the conduct of some 25,000 financial intermediaries.

The failure of regulatory culture was equally significant as the failure of institutional design. The report says:

"What was wrong in the case of RBS was the FSA's overall approach to prudential supervision, rather than the execution of this approach in relation to RBS."

More than that, the report says that it was an approach that

"responded to political pressures for a 'light touch' regulatory regime."

The report singles out the shadow Chancellor as one of the three senior Labour politicians who were responsible for this "sustained" pressure. It quotes his first speech as City Minister in which he said

"nothing should be done to put at risk a light-touch, risk-based regulatory regime."

It was political dogma at the cost of prudential regulation, and it left us hamstrung with a complacent regulator, powerless against the risks in the financial system. It meant that the FSA failed sufficiently to challenge RBS management over its decisions, and was over-reliant on the firm's own assessment of its position. Rather than exercising judgment and foresight, the FSA adopted a tick-box and reactive approach to regulation.

Left to its own devices, without proper regulatory oversight, RBS got away with some of the most shocking decisions taken by any bank in the years and months leading to the crisis in late 2008. Poor judgment was fostered by a style of management and governance that promoted a culture of aggressive risk-taking over prudence. That was most clearly demonstrated by RBS's decision to grow its investment bank by aggressively expanding its structured credit and leveraged finance activities. That build-up of risk was compounded by RBS's relentless pursuit and purchase of ABN AMRO. The current chairman of RBS said that the acquisition was

"the wrong price, the wrong way to pay, at the wrong time and the wrong deal."

[Mr Mark Hoban]

As the House is aware, it was the losses in the RBS investment banking arm that crippled the entire bank. As the credit trading losses mounted, the bank's excessive reliance on short-term wholesale funding and its weak capital position were brutally exposed, and led to its near collapse.

The British economy is still recovering from the near collapse of RBS and the wider financial system just three years ago. Recovering from that crisis is this Government's No.1 priority. We simply cannot afford a repeat of it, which is why we have embarked on fundamental reform of our regulatory system. As the House is aware, the Government are legislating fundamentally to reform the failed tripartite system. We are establishing a permanent financial policy committee inside the Bank of England. Its job will be to monitor overall risks in the financial system, identify bubbles as they develop, spot dangerous interconnections and stop excessive levels of leverage before it is too late. It is exactly the kind of judgment and foresight that we needed in the years preceding the last crisis.

We are also abolishing the Financial Services Authority in its current form, and creating a new Prudential Regulation Authority with a focus on micro-prudential regulation. Prudential regulation of banks will go back to where it belongs, under the auspices of the central bank, as a subsidiary of the Bank of England, bringing micro and macro-regulation under one roof.

The PRA will be a focused, expert regulator. Whereas the FSA was responsible for thousands of financial services firms, the PRA will focus exclusively on the prudential regulation of deposit-takers, insurers and investment banks. And when regulating banks, it will have the single statutory objective of promoting safety and soundness. Responsibility for the protection of consumers and the conduct of financial services firms will transfer to the new Financial Conduct Authority, leaving the PRA free to focus first and foremost on stability.

We are also working closely with the FSA and the Bank of England to ensure that the new PRA has the powers that it needs to ensure that banks do not take excessive risks and that directors who act improperly face appropriate penalties. We will consider carefully the further recommendations made in the report, particularly Lord Turner's suggestion that it should be made easier for action to be brought against the directors of failed banks.

I share the frustration of many Members that it has not been possible to bring action against those responsible for the failures at RBS, but strengthening legal powers in this area would raise some complex issues, and we will want to reflect carefully and listen to a range of views before deciding on any action.

The report into the failure of RBS fully complements our analysis of the faults of the previous regime and supports our wider reforms to the banking system. We will respond to the recommendations of the Independent Commission on Banking next Monday. We have already said, though, that we support in principle not only a ring fence around better-capitalised high street banks to protect them against investment banking losses but, when things go wrong, a bail-in of private investors, not a bail-out by taxpayers. Together with recovery and resolution plans, that means that we are working to ensure that banks can fail in an orderly fashion without any recourse to taxpayers' money.

We will not make the same mistakes as the previous Government but will ensure that we have a system of regulation that secures our financial stability while protecting our competitiveness, and we have already made substantial progress in that ambition. I welcome the action already taken by the FSA to strengthen its supervisory capacity, to become a more intensive and intrusive regulator and to improve its ability to ensure that banks are well governed.

We continue to lead the international debate to impose higher capital requirements and tougher funding standards on banks across the globe, and we will resist any attempt to unpick Basel III in Europe. With the world focused on the strength of bank balance sheets, this is not the time to pander to vested interests. We will ensure that Basel III is implemented in full and that we can go further to impose higher capital standards where necessary to meet risks unique to our sector.

We know that the financial sector will continue to be a critical part of our economy and our recovery, and we are committed to supporting the sector and protecting the open and competitive markets that have allowed the sector to flourish in the UK, but that success cannot come at a cost to the wider economy. That means getting the structure and substance of regulation right and correcting the mistakes of the previous Government.

Today's report reminds us of the gross failures of the previous regime and the previous Government. This Government will not repeat those mistakes. We will reform the regime to preserve the innovation that fuels the sector's success without putting the wider economy at risk and to build a successful but stable financial services sector. I commend this statement to the House.

Chris Leslie (Nottingham East) (Lab/Co-op): The report confirms that there was institutionalised dysfunction at the heart of the Royal Bank of Scotland and confirms what we all know—that there was a collective failure of regulation not just in Britain but around the world, and that there were failures not just of one individual, institution, political party or Government but failures that allowed irresponsible bankers to take excessive risks and cause a global financial crisis.

Labour Members have accepted our responsibilities, and as my right hon. Friend the shadow Chancellor said, for the part that the previous Government played in that global regulatory failure, we are deeply sorry. Acknowledging our part in those global failings is the right approach to take, so let me ask the Minister: does he accept that the Conservatives got it wrong too? During the 2007 debates on Northern Rock, he beseeched the Treasury

"to counter the pressure for greater regulation",

and talked of

"the strength of our regulatory regime"

and how it was

"vital that this crisis does not erode that standing".—[*Official Report*, 12 December 2007; Vol. 469, c. 391.]

It would be unparliamentary to call the Minister a hypocrite but perhaps he needs some medical advice about his selective amnesia. Let us have some contrition from the Conservative party, which never once called for more regulation or criticised the FSA for not having enough powers. In fact, it argued precisely the opposite. The Chancellor of the Exchequer, who is sitting on the Front Bench, complained constantly of burdensome and complex regulations.

The FSA is clear that there was a collective failure, but there was also clarity about how the regulator was at fault. Specifically, the report says that the monitoring of RBS's capital position was "reactive", and that "supervision of liquidity" was a "low priority". The FSA did not scrutinise the trading book or loan impairments adequately, and the takeover of ABN AMRO was not questioned sufficiently. Can the Minister say, first, whether the FSA had the co-operation of all former RBS directors, and whether they were all interviewed? His statement was somewhat vague about action against those responsible—he says that he will reflect carefully. Can we take it then, reading between the lines of his statement, that the Government will not pursue action to disqualify former RBS directors from sitting on other company boards?

Secondly, the Minister says that he will "consider" tough action to ensure that bankers who jeopardise the solvency of our retail banks cannot escape responsibility. There should be a new strict liability requirement specifically for banking directors. If the Minister does not amend the draft Financial Services Bill to achieve that, we will table amendments to that effect. The report suggests that future bank takeovers should require formal approval by the regulator, which was not required when RBS took over ABN AMRO. That is sensible, so can the Minister say whether he will amend the draft Bill accordingly?

Thirdly, will the Government take steps to strengthen the corporate governance of large public companies, including banks? Regulators have to do a better job, but shareholders also need to be able to exert their authority. Fourthly, will the Minister agree to implement the legislation already approved in law to publish the pay deals of everyone working in the banking sector earning more than £1 million? The Government have dragged their feet on this issue. A simple signature to a statutory instrument is all that is needed. Surely it is important to have transparency and accountability for all the high earners in the banks, not just the richest eight in each bank, as he has conceded so far.

Fifthly, the report highlights a culture of incentive fees for City advisers, whose rewards are greatest if large takeovers are completed. The report recommends ending that bias in the advisory fee structure. Why did the Minister ignore that recommendation in his statement? Does he agree that the proposal would make good sense? The FSA and the Government did not see the financial crisis coming, but neither did the Bank of England. Is the Minister certain that putting all the new regulatory powers in the hands of the Bank will work? Is there a risk that the accountability of the Bank of England—an important point—is substandard in his current proposals? Will he accept the suggestions from the Select Committee on the Treasury and others that those safeguards need to be significantly enhanced?

We of course support moves to enhance prudential regulation, but there is always a danger of fighting the last battle, especially when there could be a eurozone credit crunch just around the corner, so is the Minister not taking his eye off the ball? Will he acknowledge that the new European supervisory structures are incredibly powerful and that, by mishandling negotiations in Europe so badly, the Government have jeopardised our ability to influence and steer those European regulations, which can overrule the tougher capital buffers for our banks, as suggested by the FSA here in Britain?

The regulators did not do enough, and we have to learn lessons. However, ultimate culpability rests on the shoulders of the bankers involved. It is astonishing that deeply irresponsible decisions by those bankers should have forced a £45 billion bail-out, and yet no enforcement action is brought and nobody is punished. It is about time that this Government stopped pandering to the big banks and took action to speed up banking reform and rein in the excessive bonus culture.

Mr Hoban: The approach taken by the hon. Gentleman, who seeks to try to blame everybody for the crisis, overlooks the key role that the shadow Chancellor—who is not in his place today—played in the design of the regulatory system that led to the problems we saw at RBS. That design—driven by the shadow Chancellor, who took great credit for it—meant that no backstops were in place when RBS took those decisions.

The other point that the hon. Gentleman should bear in mind is that only three politicians are named in the report as having put pressure on the FSA to adopt a light-touch regulatory regime. One was Tony Blair, one was the right hon. Member for Kirkcaldy and Cowdenbeath (Mr Brown), and the third one—the person who is missing from the Opposition Front Bench today—is the shadow Chancellor, the person who in his first speech as City Minister called on the FSA to adopt a light-touch regulatory regime, a regime that, when confronted with the challenge of RBS, turned from a light touch to a soft touch. It is, of course, the taxpayer who has picked up the bill for the fundamental flaws in Labour's regulatory regime.

The hon. Gentleman talked about disqualification of RBS directors. It is a pity that the previous Government did not think about that issue in the aftermath of the financial crisis. My right hon. Friend the Secretary of State for Business, Innovation and Skills has referred the report to counsel to see whether it is possible to disqualify the directors of RBS.

The hon. Gentleman talked about approval for acquisition. We will look carefully at the proposal Lord Turner made, but the reality is that the FSA had powers to intervene, but chose not to use them—partly as a consequence of the light-touch regime foisted on them by the previous Government.

When the hon. Gentleman talks about bonuses, let us not forget that it was under the previous Government that bonuses could be paid out in cash and taken straight away. Under the regime in place now, bonuses are deferred, paid out in shares and can be clawed back. Let us not forget that the moment that it was possible to exercise the maximum leverage on Sir Fred Goodwin—the banker Labour knighted—was the moment when it gave away his pension scheme. So I will take no lessons from the Labour party on the way in which we should deal with the problems of RBS.

The hon. Gentleman referred to the Bank of England and seemed to question whether it was able to take on the additional responsibilities. I thought he was moving away from his party's position of supporting the package of reforms that we have put forward. Let me remind him that it was the Bank of England that identified the problem of the mispricing of risk in the financial markets. The problem was that the regulatory structure it had to deal with meant that the Bank did not have the power to tackle the problem—nor, indeed, did the FSA. What we

[Mr Hoban]

are faced with is a problem of dealing with the regulatory regime left to us by the previous Government. They chose not to make these reforms when they were in government; we are taking action now to ensure that we have the right regime in place to tackle those risks and ensure that we have a stable, but successful, financial services sector.

Mr Andrew Tyrie (Chichester) (Con): Powerful institutions do not leap forward to explain themselves when they make mistakes, and neither did the FSA. The fact is that the almost 500 pages of this report would never have been written had it not been for the unremitting pressure from the Treasury Select Committee. I would like to thank my colleagues on that Committee for helping me to secure this report from the FSA. Furthermore, to make sure that the report was of adequate quality, we took the unprecedented step of sending our own specialist Committee advisers into the FSA with full powers to examine papers and personnel in order to check that the papers underlying the compilation of this report were fairly reflected in it.

Is it not now crucial that the new regulators—the Bank of England and the Financial Conduct Authority—are subjected in future to far more vigorous parliamentary scrutiny than the FSA has been in the past? Will the Government commit in the draft legislation to secure a much higher level of parliamentary scrutiny of these powerful quangos than we have had hitherto?

Mr Hoban: I, too, commend the work of my hon. Friend and his Select Committee, along with the work done by Bill Knight and Sir David Walker in scrutinising the FSA's report and making consequent improvements to it. One of the challenges we face is, as my hon. Friend said, to ensure that there is proper scrutiny. He commented on the fact that it took the pressure of his Committee to produce this report. The reality is that the existing powers in section 14 of the Financial Services and Markets Act 2000 to require a report to be produced where there is regulatory failure have never been exercised. One measure we have put in place in the Bill is to enable such reports to be produced on a more regular basis—not at a Minister's request but in response to objective triggers to ensure that reports are published in a timely fashion so that we can learn the lessons from past mistakes. I think that is a helpful way of enabling Parliament to hold the regulators to account. We look forward shortly to responding not just to my hon. Friend's Select Committee report, but to that of the pre-legislative scrutiny Committee.

John Mann (Bassetlaw) (Lab): Is the position of Hector Sants at the Bank of England still credible following the report, and does the Minister agree that it would not be tenable for anyone connected with the FSA to replace Sir Mervyn King as the next Governor of the Bank of England?

Mr Hoban: As the hon. Gentleman will know, RBS was regulated by the retail division of the FSA, while Hector Sants was managing director of the wholesale division. He took charge of the FSA about three months before the ABN AMRO acquisition, and one of the things on which he should be commended is the way in which he has led its implementation of a more intrusive and intense programme of supervision. I think that that has yielded dividends during the last two or three years, and that it is an important part of his record that we should recognise.

Mr David Ruffley (Bury St Edmunds) (Con): The Government's proposed new regime will be judgment-based, not rule-based, and will therefore require banking supervisors of much higher quality than we have seen hitherto. What steps will the Financial Secretary take to ensure that such people are in place under the new regime?

Mr Hoban: My hon. Friend is right to recognise that the quality of supervision needs to be higher than it was in the pre-crisis days. The need for much more engagement by better qualified banking supervisors is a priority not just for the FSA but for the Bank of England, which will be introducing measures for precisely that purpose.

Stewart Hosie (Dundee East) (SNP): The Minister said that the FSA had failed to challenge the RBS management sufficiently over its decisions. That is a masterful understatement. In October 2007 the FSA had precisely four and a half staff in RBS: half a manager and four team members. It was possibly the biggest bank in the world, it was systemically important, and its asset base was bigger than the GDP of the United Kingdom. Will the Minister guarantee that, irrespective of the future shape of banking and regulation, the RBS's successors—the Prudential Regulation Authority and the Financial Conduct Authority—will always have enough of the right people in such systemically important banks, so that we never encounter such a situation again?

Mr Hoban: That is an important question. I referred earlier to the pressure under which Tony Blair put the FSA to adopt a proportionate regulatory regime. One of the examples put to the then Prime Minister about the light-touch quality of the regime was the fact that there were only six people supervising HSBC, and even fewer have been supervising RBS. I understand that there has been almost a fourfold increase in the number of RBS supervisors, and I think that that is a much better approach. We must ensure that there is intrusive, intensive supervision, and that requires not just more resources, but a higher quality of resources.

Matthew Hancock (West Suffolk) (Con): I warmly welcome the report. I think that the proposal to debar directors from high office in future should be implemented so that we can ensure that rewards are not received for failure at the top, but will the Minister also consider the proposal to debar others mentioned in the report who were culpable?

Mr Hoban: I think that we should give careful consideration to the idea of debarring people who have been incompetent and mismanaged their leadership of institutions. That applies to the directors of those institutions, but it may also apply to the politicians who designed the system in the first place.

Frank Dobson (Holborn and St Pancras) (Lab): Let me begin by declaring an interest: my wife and I have both current and deposit accounts with the Royal Bank of Scotland. As one who was always in favour of tougher regulation of banks, I must also confess that

I do not recall encountering an organisation before the collapse which could be described as "Tories for tougher banking regulation".

Will the Minister confirm that the failures extend beyond the area that he has covered? Will he confirm that the auditor, Deloitte Touche Tohmatsu—which received substantial fees—did not seem to notice that there was anything wrong, and that the benighted rating agencies, which keep telling us what should be happening now, gave triple A ratings to both RBS and ABN AMRO right up to the day on which the balloon burst?

Mr Hoban: The right hon. Gentleman makes some important points, and clearly a number of institutions involved with RBS and the regulatory system more widely should bear responsibility for what happened, but let us be absolutely clear that the principal responsibility for the failure of RBS lies with its management.

Mike Crockart (Edinburgh West) (LD): I should, first, declare that the global headquarters of RBS is in Gogarburn in my constituency. Today's report apportions blame for the RBS demise on previous RBS management, insufficient challenge by the FSA and Labour's light-touch, lip-service regulations; this Government are now dealing with those. Will the Minister join me in recognising that one group not blamed was the tens of thousands of ordinary employees of the bank, who have continued to work in an exemplary way, despite more than 27,000 redundancies and a slump in the bank's fortunes and share price, which was previously a major element of their benefits package? Does he agree that today's report is no reflection on them?

Mr Hoban: My hon. Friend makes an important point. Responsibility clearly rests with the leadership of RBS, not with those working in the bank's branches, those working at its insurance company and others, who did their job properly and to the highest standards. It is important to recognise that, having identified regulatory issues to address, his party and my party came together in a coalition Government committed to regulatory reform. The Labour party was wedded to the status quo and to the regulatory regime that allowed this to happen unchecked. That party should take its full responsibility, just as we should recognise the excellent work that people at RBS did.

Mr Pat McFadden (Wolverhampton South East) (Lab): The report makes it clear that the primary responsibility for the collapse of RBS lies with the firm. The shadow Minister was big enough to say what he did about past regulation, and the Minister's anger would be more credible if he and his party had not continually called for lighter regulation. The Minister had said:

> "Effective light-touch, risk-based...regulation is in the interests of the sector globally, and the Government need to send that message more strongly to the US Administration and Congress".—[*Official Report*, 28 November 2006; Vol. 453, c. 995.]

The Chancellor had said:

> "I fear that much of this regulation has been burdensome, complex and makes cross-border market penetration more difficult."

If people are going to admit culpability on regulation, the truth is that those on both sides of the House need to look in the mirror. Is that not the case?

Mr Hoban: It was my party, through the work done by Lord Sassoon, that examined the regulatory system set up by the previous Government, identified some of the challenges and determined that the best thing to do was to reform that system. We have recognised the challenges and the failings of the previous regulatory system, and proposed measures to improve it, and to ensure that it serves consumers and ensures a stable, successful financial services business.

Several hon. Members *rose—*

Mr Deputy Speaker (Mr Lindsay Hoyle): We have quite a few Members to get in, so please could we have brief questions and answers?

Tony Baldry (Banbury) (Con): The shadow Minister said that the regulation did not work and the regulator did not do anything sufficiently. Surely the reason for that was because the regulator was put under sustained and unacceptable political pressure by two former Prime Ministers and by the current shadow Chancellor. Will my hon. Friend confirm to the House that this Government, and the Treasury under the stewardship of this Chancellor, would not put such pressure on regulators and that the constitutional convention as to how a Government should work with regulators will be properly observed?

Mr Hoban: My hon. Friend makes an important point. We have made it clear that we want to give the new regulatory organisations that independence, power, authority, discretion and judgment to get on with their job, so that we ensure that we tackle issues that need to be tackled and ensure that there is tough regulation where that is needed. For example, we are going to introduce powers for the Financial Conduct Authority to ban particular products—a power that has not been available so far. We are prepared to take those tough decisions and let the regulators get on with their job.

Mark Lazarowicz (Edinburgh North and Leith) (Lab/Co-op): One of the features of the RBS takeover of ABN AMRO was that lots of people warned against it at the time, and not just with hindsight—many people in the financial services and elsewhere warned of severe consequences. Was the decision to go ahead with that takeover about not just the role of Sir Fred Goodwin, but the fact that those who were meant to prevent him from doing such things did not do so? Was this not only about a question of regulation, but about a culture of takeover, acquisition, internationalisation and over-ambition which was at the heart of the problems of RBS and other places? What will the Minister's proposals do to prevent that kind of attitude from affecting future managements and future banks when the current financial crises have passed?

Mr Hoban: The hon. Gentleman makes some important points. It is important that shareholders play a more active and engaged role in businesses in which they have a holding. My right hon. Friend the Secretary of State for Business, Innovation and Skills has commissioned John Kay to conduct a review of long-term interest in business and business investment. We need to strengthen corporate governance in boards, as they clearly were not sufficiently robust in their challenge to executives. One of the things that has happened in the FSA is that a

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much more robust approach is being taken to understanding and examining people who want to hold positions of significant influence in our major banks, including those who want to become board members. That is a good way not only of raising the quality of people in the boardroom, but of ensuring that they are robust enough to stand up against a dominant and aggressive chief executive officer.

Stephen Barclay (North East Cambridgeshire) (Con): Will my hon. Friend ensure that the rules allow enforcement action against incompetence? The point being missed by Labour Members is that there are more than 6,000 pages of FSA rules. There is no shortage of rules, but they do not allow enforcement against incompetence; they allow it only against dishonesty. That is what has fettered the hand of the FSA and what angers my constituents, who are aggrieved that individual directors of RBS have not faced sanction.

Mr Hoban: My hon. Friend makes an important point and he speaks with some experience, having worked with the FSA. We need to look carefully at the fit and proper person test for people becoming registered with the FSA to ensure that they are good quality, and can do the job properly and competently.

Dr William McCrea (South Antrim) (DUP): I welcome the Minister's statement. It is right and proper that we review past failures and learn from them, but how can we use the current situation to get the banks to lend to the hard-pressed small and medium-sized businesses crying out for finance they urgently need, especially in Northern Ireland, where credit is particularly squeezed?

Mr Hoban: The hon. Gentleman makes an important point about the credit situation in Northern Ireland, and I know that the hon. Member for East Antrim (Sammy Wilson) pays close attention to it. We need to ensure that banks are sufficiently well capitalised to enable them to lend to businesses. One of the things that the hon. Gentleman may have noticed from last week's report from the European Banking Authority is that no UK banks required additional capital, because they are already well capitalised and should be in a position to lend, as was demonstrated by the third quarter Project Merlin figures.

Nadhim Zahawi (Stratford-on-Avon) (Con): This report is a damning indictment of the decisions taken by the previous Government, so it is regrettable that the shadow Chancellor could not be here to apologise in person to the House and to the country. Does the Minister agree that the something-for-nothing culture allowed to fester under the previous Government is something that this Government will not allow and that they will examine how to shift the dynamic in boards in systemically important businesses so that non-execs are able to challenge powerful CEOs and hold them to account?

Mr Hoban: My hon. Friend makes an important point, because there was a culture, as documented in the report, that meant that directors on the board of RBS did not challenge the CEO sufficiently robustly. That needs to change. We also need to ensure that the incentive arrangements for directors are robust. Under the previous regime, bonuses could be paid out in cash straight away. Over the past couple of years, tougher rules have been put in place to defer bonuses, to make sure that they are paid in shares and to claw back bonuses where there has been failure. That is a tough regime in place and it should make sure that the incentives of directors are in line with those of shareholders.

Mark Durkan (Foyle) (SDLP): What are the issues inhibiting the Minister from making a clear commitment to strengthen legal powers so that action can be brought against directors of failed banks?

Mr Hoban: I understand the frustration expressed in the hon. Gentleman's question. We need to look carefully at the proposals in Lord Turner's report and we will have the opportunity to legislate in the Financial Services Bill, if appropriate, but the hon. Gentleman would not want me to engage in a knee-jerk response to a report that was only published first thing this morning. I want to ensure that we have the right measures in place, whether through company law or regulation, to ensure that we have good-quality people running such organisations.

David Mowat (Warrington South) (Con): The report makes it clear that had the Basel III legislation been in place, the AMRO transaction could not have happened. Will the Minister confirm that it remains his intention to implement Basel III as soon as possible and ideally before 2019?

Mr Hoban: It is our commitment to implement Basel III. We want to ensure that it is implemented consistently across the whole of Europe in capital requirements directive IV and we are pushing for member states to have the freedom to go further and raise capital standards when they believe it is in their interests to do so. We want to see tougher regulation of banks and that requires better and more capital and better and more liquidity.

David Morris (Morecambe and Lunesdale) (Con): The FSA's report mentions three Ministers in the previous Government who applied sustained political pressure to give a light touch, shall we say, to the regulation. Can my hon. Friend tell me who they were?

Mr Hoban: It is interesting, is it not? It is not often that we see particular Ministers highlighted in reports published by independent bodies. The three who are mentioned are Tony Blair, the right hon. Member for Kirkcaldy and Cowdenbeath (Mr Brown) and the shadow Chancellor. The shadow Chancellor took great pride in taking credit for the design of the regulatory structure, which failed, and he compounded those mistakes in the design of the structure by putting pressure on the FSA to go for a light-touch regime. The taxpayer has picked up the consequences of the failure to design that structure correctly and of the inappropriate pressure to have a light-touch regime when it came to the regulation of RBS and others. The taxpayer is paying the cost and the Opposition should be apologising for that.

Richard Fuller (Bedford) (Con): Although the report includes useful forward-looking recommendations, its review of the actions of executives, directors, regulators

and Ministers that led to the crisis amounts to 487 pages of "Oops!" That includes the laughable statement on page 352 that

"deterrence will most effectively be achieved by bringing home to such individuals the consequences of their actions."

Does the Minister agree that deterrence would be more effectively achieved by those people hearing the clunk of the prison door and the turning of the key?

Mr Hoban: My hon. Friend is right to say that many taxpayers up and down the country who have seen £45 billion poured into RBS want to know why action has not been taken against its directors. Today's report is an attempt to address those issues. It recognises that there are some problems with the sanctions available to the FSA and in the Companies Acts, and we are committed to reviewing them and seeing which tougher sanctions can be put in place to deal with directors who let down the businesses they work for and the customers they serve.

Durban Climate Change Conference

6.2 pm

The Secretary of State for Energy and Climate Change (Chris Huhne): With permission, Mr Speaker, I wish to make a statement on the outcomes of the United Nations climate change conference in Durban, which concluded only yesterday. I was present for the last week and a bit of the conference, along with my colleague the Minister of State, Department of Energy and Climate Change, the hon. Member for Bexhill and Battle (Gregory Barker), who has responsibility for climate change.

After the disappointment of Copenhagen, last year's Cancun conference showed that the UN climate process was back on track. The Durban conference was designed to build on that outcome and our aims were therefore higher. At our most optimistic, we hoped to agree a road map to a new global legally binding agreement to replace or supplement the Kyoto protocol. Unlike Kyoto, it would incorporate emissions targets for all countries other than the poorest and least developed. It would be accompanied by agreement to a second commitment period of the Kyoto protocol from 2013. We also aimed to encourage countries to strengthen their voluntary pledges to reduce emissions in the years before any new agreement entered into force and we hoped to establish the green climate fund.

I am pleased to say that, following two weeks of intense negotiations, we achieved each of those key aims. The talks resulted in the adoption of the Durban platform, a road map to a global legal agreement applicable to all parties. Negotiations for the new agreement, which will begin early in 2012, are to conclude as early as possible and not later than 2015 and the commitments in the new agreement will take effect from 2020.

The conference explicitly recognised the global gap between countries' existing emissions reduction pledges to 2020 and the global goal of limiting average temperature increases to below 2° above pre-industrial levels. It launched a work programme for ratcheting up ambition, a process that will be reinforced by a forthcoming review of the scientific evidence.

The conference also agreed to adopt, next year, a second commitment period of the Kyoto protocol. Many details remain to be worked out over the coming months, including specific emissions reduction targets, the length of the commitment period and a process for dealing with surplus emissions allowances, but the headline message is clear: the Kyoto architecture—the rules and legal framework for managing emissions—has been preserved and can be built on in the future.

The conference also resolved to establish the green climate fund to support policies and activities in developing countries. The UK is one of the few countries to have pledged climate finance beyond the initial fast-start period, and we will make an announcement on the green climate fund once its design is completed.

The conference also resolved to establish a work programme to consider sources of long-term finance for developing countries with the aim of mobilising at least $100 billion a year by 2020. Progress was made on several other parts of the international climate regime, including reporting guidelines for developed and developing countries; the creation of the adaptation committee, which will provide advice and ensure coherent action on adaptation; the establishment in 2012 of the technology

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executive committee to facilitate the development of low-carbon technologies; further details of the framework for reducing emissions from deforestation and forest degradation; and a process for establishing new market-based mechanisms to deliver effective reductions in emissions at least cost.

As well as the substantial diplomatic and technical outcomes I have outlined, the Durban conference saw a highly significant political realignment. More than 120 countries formed a coalition of high ambition in support of a road map to a global legally binding deal. Many African and Latin American states, the group of least developed countries and the Alliance of Small Island States joined the EU to argue for the road map to a new agreement. That realignment has laid a firm political foundation, grounded in common interest, on which we can build future achievements.

I am sure that the House will wish to join me in paying a sincere tribute to the British team of negotiators. Drawn from across government and supported by the Foreign and Commonwealth Office and its posts, ours was one of the smallest of the G8 countries' delegations, but what it lacked in quantity it made up for in quality. Its members played a key role in many of the detailed negotiating groups, sometimes on behalf of the entire European Union. The UK operated within and through the EU delegation, co-operating closely with representatives of other member states and the European Commission. By working together with our European partners, we were able to deliver more effectively for the British national interest and for our shared ambitions.

In conclusion, the Durban conference represents a significant step forward. It has re-established the principle that climate change should be tackled through international law, not through national voluntarism. It has persuaded the major emerging economies to acknowledge, for the first time, that their emissions commitments will have to be legally bound. It has encouraged all countries, also for the first time, to admit that their current climate policies must be strengthened and it has established the green climate fund to support the poorest countries in tackling and responding to climate change. It has also preserved the invaluable legal framework of the Kyoto protocol while at the same time opening the path to a new, more comprehensive and more ambitious global agreement. It was a clear success for international co-operation.

We still have much to do. Durban alone will not limit global warming to 2° above pre-industrial levels, but we have taken a clear and vital step towards our goal. I commend the statement to the House.

Caroline Flint (Don Valley) (Lab): I thank the Secretary of State for early sight of his statement and join him in paying tribute to the British team of negotiators. Whatever our differences with the Government over their handling and delivery of policies at home, there is consensus across the House that the only way we will tackle climate change is by getting all countries signed up to a legally binding framework to cut their carbon emissions. In that vein, the progress made at Durban is to be applauded.

First, I welcome the recognition in the Durban agreement of the emissions gap—the difference between the action that countries have committed to and the action we need to take to prevent dangerous climate change. The gap is too large and I hope that the Secretary of State will say a little more about how the UK will be leading efforts to narrow it.

Secondly, I welcome the fact that Durban has re-established the principle that climate change must be tackled through a framework of international law that incorporates both developed and developing countries. It is undeniable that developed countries bear responsibility for significant historical emissions and, in the light of that, I welcome a second commitment period for the European Union to the Kyoto protocol. However, it is equally true, given the rate at which many developing countries' economies and emissions are growing, that any meaningful treaty on cutting carbon emissions must be legally binding and include developing countries too. The Secretary of State will know, for example, that while developed countries are likely to meet the collective Kyoto target of a 5.2 % reduction in greenhouse gas emissions by 2012, global emissions of carbon dioxide rose by 45% between 1990 and 2010. The challenge now, as I am sure the Government recognise, is translating the principles and aspirations that were agreed at Durban into a treaty that can actually deliver the cuts in greenhouse gases we need.

As the Secretary of State himself has admitted:

"There are still many details to be hammered out".

May I ask him to give the House a little more detail on the following issues? What safeguards were put in place at Durban to ensure that the next round of negotiations will deliver a legally binding global agreement by 2015? How does he intend to use our strong relationships with countries such as the United States and Canada, as well as India and China, to help to broker a global agreement? Also, and importantly, how does he plan to monitor the progress that is being made and to keep the House up to date?

Thirdly, I welcome the establishment of the green climate fund, negotiations for which started at Copenhagen under the stewardship of my right hon. Friend who is now the Leader of the Opposition. If properly financed, it will provide vital support to the poorest countries to cut their carbon emissions, mitigate the effects of climate change and underpin the positive support for a global legal framework. Again, although important details are yet to be agreed, this serves as a warning about the length of time it can take for an idea shared to become an idea implemented. On the detail of the fund, will the Secretary of State say a little more about how he expects the necessary resources to be raised so that it is up and running as soon as possible, and what contribution he expects the UK to make?

Although progress has been made at Durban, it has also shown the scale of the challenge we face and the need for a strong European voice making the case to tackle climate change. The Secretary of State himself said that the Durban conference showed that we can achieve more working with our partners in Europe than we can on our own. We can only compare that with the outcome of last week's EU summit, which left us isolated. As the Deputy Prime Minister's chief parliamentary and political adviser, the hon. Member for North Norfolk (Norman Lamb), put it:

"Our new position comes with very real risks. To be in a minority of one is not good."

Will the Secretary of State reassure us that the UK's voice within Europe on climate change will not be undermined as a result of the Prime Minister's actions?

Finally, does the Secretary of State agree that reducing carbon emissions and preventing climate change are as much about example as exhortation? He has been generous enough to recognise the record of the previous Labour Government. We reduced the UK's greenhouse gas emissions by more than 21% compared with emissions in 1990, thereby exceeding our Kyoto target. We also passed the Climate Change Act 2008, which was a world first, binding the UK Government in law to reduce carbon emissions by a third by 2020 and by 80% by 2050.

The Secretary of State will know that there is genuine concern across the House about the Government's commitment to being the greenest Government ever, not least today when the cuts to the feed-in tariff for solar power come into effect. We hear that the Green investment bank will be delayed, and the future of carbon capture and storage is in doubt, so I ask him to reassure me and the House that alongside our international efforts to reach agreement to cut carbon emissions and tackle climate change, the Government will not lose sight of the need to make the UK cleaner, greener and a world leader in the low carbon economy.

Chris Huhne: I very much welcome the right hon. Lady's response. It is very valuable, when going into negotiations such as those at Durban, to know that there is widespread consensus across the House on the key goals we are aiming for. I pay tribute to hon. Members on both sides of the House, particularly those who have been following these issues closely, in helping to sustain that consensus.

The emissions gap is too large and we will work on it. As the right hon. Lady rightly said, one of the key issues has been the importance of monitoring. One thing that the UK Government have actively encouraged has been the development of the emissions gap report from the United Nations Environment Programme. I had a very fruitful meeting with Achim Steiner in Durban, and I know that the programme will continue to build on that. I very much hope that that monitoring will build gradually over time to become the environmental and climate change equivalent of the sort of regular reporting that we have from the OECD and particularly from the International Monetary Fund on the world economic outlook. It would be good to have a regular world climate change outlook or global climate change report.

On the legal side, the step forward is very significant. As the right hon. Lady will no doubt have read in the press, there was an attempt, right up to the last moment, to insert into the final text the words "legal outcome", which had been defined in the past by India and China as merely decisions of the conference of the parties. That would not have been adequately legally binding for our purposes in terms of an overall treaty. It was therefore an essential objective of the European Union's team to take out those words and insert words that could not be interpreted as a voluntarist approach but could mean only that there was a legal agreement with real force. The compromise from the Brazilians which we finally adopted does exactly that—on the advice we received from the very able international lawyer on the UK team. That was confirmed at the time by our legal advisers—under some great pressure, I have to say, as we huddled at 4 in the morning, or whatever time it was, in the plenary room. They also advised some of our partners in that coalition of the willing. I think that we got a good deal that means exactly what it says.

I very much take on board the key point that we need to ensure that our environmental goals are not seen as an obstacle to development. That is an agenda on which I want very much to work with the Indian Environment Minister to ensure that there are viable and effective pathways to development at every level of income per head. I was particularly proud to participate in the launch of Ethiopia's zero-carbon growth programme with the support of the Mauritian and UK Governments. Prime Minister Meles was at the launch as well. At the middle-income level, there is the example of Costa Rica. At the high-income level, let me respond to the right hon. Lady's point about what we are doing domestically. I was very pleased that an objective assessment of what is being done by European countries, which was produced last week by Germanwatch, concluded that the UK had the second-best framework for dealing with carbon emissions of all 27 member states of the EU, behind only Sweden. However, our ministerial team likes to come first, so we will work on that.

On the key issue concerning our allies, such as the US and Canada, the right hon. Lady is absolutely right that we need to build our relationships there and ensure that they can be brought into that agreement as well. She asked for details of the global climate fund and about our support for it. We stand ready to support it and we have already disbursed £1 billion of the £1.5 billion allocated for fast-start finance. We are one of very few countries to have a programme of financial commitments for developing countries beyond the fast-start finance period. We have allocated £2.9 billion in total for the comprehensive spending review period and, as I said in my statement, I very much hope that we will be able to make an announcement in due course when we have concluded the arrangements on the shape of the green climate fund.

Finally, the right hon. Lady rightly mentions the importance of working with our European partners. This is a particular example of the success of European diplomacy. As one member state we would not be able to achieve anything like as much as we have been able to achieve working closely with the other 26 member states and contribute to that with the undoubted expertise we have within the UK team. Importantly, when it came to the key negotiations, it was perceived in the plenary that the European Union was acting together, and that we were very much prepared to carry through on our threat. Often in these negotiations a good bit of leverage is needed, and we were prepared to carry out our threat that we would not go ahead with the second commitment period of the Kyoto protocol unless we had those key assurances that the future agreement would be legally binding.

In addition to the change that I described in the politics of the conference, it is highly significant that China, India and Brazil, but particularly China and India, have moved substantially in the direction of accepting that we need an overall agreement which will reach a global solution to the problem.

Tony Baldry (Banbury) (Con): May I offer my right hon. Friend many congratulations on what has been achieved? Does he agree that one of the major achievements of Durban was that for the first time everyone in the world, including the major emitters—the United States, India and China—is now committed to the same process of a legally binding agreement? For the first time ever, everyone is going in the same direction towards the same objective. A simple machinery of government question is: will the funding for the green climate fund come from the budget of my right hon. Friend's Department or that of the Department for International Development?

Chris Huhne: We have to determine the exact way we disburse money for the green climate fund. As I say, we will make an announcement in due course. My hon. Friend is right to say how important it is that everybody has signed up to that global agreement.

Barry Gardiner (Brent North) (Lab): I congratulate the Secretary of State and his team on what was achieved at Durban. It was a vindication of the European negotiating position. Can he provide the House with further clarity on the climate fund money after the start-up period? Will he confirm that at least 50% of that money will be provided for adaptation and that the bulk of it will not go to mitigation, as was part of the original agreement? Will he also comment, please, on the gap there will be between the conclusion of the negotiations no later than 2015 and the 2020 deadline for implementation of those commitments? There is a perception in emerging economies that the earlier they conclude the negotiation, the bigger the gap will be in what those commitments deliver in 2020.

Chris Huhne: Let me answer the last part of that question first. The most encouraging thing is that we dealt with both time periods. There is a clear commitment to dealing with a single over-arching global agreement from 2020, but there is also a clear set of procedures—admittedly, there are no numbers yet—for addressing the emissions gap from now through to 2020, so the process will not stop in 2015. We have achieved great progress in getting real action. The contrast is often noted between Canada, which is a signatory to Kyoto protocol but is busting all its targets, and China, which is not bound on emissions but is doing an awful lot. We are able to do an awful lot and that is very important.

Adaptation is key and yes, that will be essential to the efforts of the green climate fund, particularly the public funding. It is much more difficult to get private funding for adaptation measures—that is much easier on the mitigation side. I expect that the publicly funded aspect will be higher than 50%. I draw the hon. Gentleman's attention to the recent OECD report, which found that our existing commitments on and support for adaptation measures were among the best, and that will continue.

Andrew George (St Ives) (LD): Notwithstanding the answer that my right hon. Friend gave the right hon. Member for Don Valley (Caroline Flint), what lessons can we take from the conference when negotiating international agreements? Does he believe that the UK's contribution to this welcome outcome would have been made easier or more difficult had we adopted an isolationist posture?

Chris Huhne: The Prime Minister has made his position on other matters quite clear. On negotiations, from my experience in Brussels—I know that the Deputy Prime Minister had a similar experience when we were Members of the European Parliament—I can say that it is absolutely key that one has to be in the room where one's interests are being affected. That is essential. In Brussels there is an adage that is one of the first rules of negotiating: if you're not at the table, you're on the menu. I have an awful feeling that we should bear that in mind in all aspects of international negotiations, but my hon. Friend can rest assured that when it comes to the UK's participation in the United Nations framework convention on climate change, we were in all the key rooms at all times. At one point last year in Cancun, for example, I can assure him that we—*[Interruption.]* The UK delegation—the team. What generally happens is that the group of people who are deciding on the key compromises gets smaller and smaller. I can assure my hon. Friend that at every stage of the game, right the way through to the final huddle, the UK was represented. That is a central negotiating objective.

Mr Deputy Speaker (Mr Nigel Evans): I gave a little latitude there, but I am not looking for an extension of the first statement.

Dr Alan Whitehead (Southampton, Test) (Lab): I congratulate the Secretary of State on the outcome of a conference that was widely regarded as unlikely to succeed, even in the objectives that have been set down now. It is substantially because of the EU's negotiating position and the British role in it that that very good outcome was achieved, even though there is a great deal more to do.

Will the right hon. Gentleman expand on the role of Connie Hedegaard, the EU Commissioner for Climate Action, originally from the Danish Conservative People's party, in careful negotiation, keeping the parties together and making sure that the EU presented a united front and that no one withdrew from that? Will he confirm that the EU position, which I hope will develop up to 2020, will have the full-hearted participation of the UK as the new treaty approaches a conclusion?

Chris Huhne: Yes, Connie Hedegaard led the European Union efforts very ably, drawing on her experience in Danish politics and then in Europe. That was a critical part of the success. I reiterate, however, that it is not merely a question of finding the right negotiating strategy, which is what the European Union did. The EU understood from the word go that it was crucial that we move pressure on to the big emitters, China in particular, from the other developing countries and that we establish that new relationship with a substantial number of developing countries. That was ably led by Connie Hedegaard.

The other thing that I would highlight is that when one gets into negotiations and has a number of essential asks, the negotiating counterparties have to believe that one is serious and not going to buckle. In the past it has been the case that some of the more herbivorous members of the European Union have been taken as willing to buckle. We did not do that on this occasion and as a result we got every single one of our asks.

Zac Goldsmith (Richmond Park) (Con): I, too, congratulate the Secretary of State on the progress that has been made, particularly given that I do not think anyone really believed that there would be progress. I also welcome the declaration relating to the Congo basin—the second largest tract of rain forest in the world—which was launched by the Minister of State, my hon. Friend the Member for Bexhill and Battle (Gregory Barker). The Secretary of State mentioned progress on reducing emissions from deforestation, and I was hoping that he could be a little more specific.

Chris Huhne: I pay tribute to my hon. Friend for his interest in that area and the work he has done. The Congo basin initiative is absolutely crucial. We aim to work with some interesting projects through bilateral support from the UK Government for some key forest nations, which will be in the Amazon, the Congo basin and Indonesia. Further progress was made through the technical achievements in the working groups, which he will find set out in the full agreement.

Caroline Lucas (Brighton, Pavilion) (Green): The Secretary of State talked about the importance of monitoring. Monitoring is important, but so is action. I am deeply worried that, unless we see much faster action, we risk going down in history as the species that spent all its time monitoring it own extinction, rather than taking active steps to avoid it. The Durban agreement will not limit global warming to 2°, as he acknowledged, which means that we are on course for exceedingly dangerous climate change, so what will he do to ensure that the EU moves as fast as possible, unilaterally if necessary, to a 30% reduction target by 2020?

Chris Huhne: I am grateful to the hon. Lady for her question. Action is the most important ultimate benchmark of what we do, but I urge her not to underestimate the importance of knowledge in informing action. One of the key gaps that we need to fill in this area is regular reporting and attention on the gap between what we are doing and what we need to do to hold the global temperature rise to within 2°, beneath the level that would create dangerous climate change. I have had discussions not only with Marcin Korolec, the Environment Minister of Poland, which currently holds the presidency of the Council of the European Union, but with Martin Lidegaard, the Energy and Climate Change Minister of Denmark, which will hold the presidency for the first half of next year. I had good conversations with him in Durban and am confident that the Danes will bring forward some clear time within the Council to ensure that we make real progress towards some of the key staging posts in reaching 30%. Perhaps most progress will be made on the energy efficiency directive, because it should be relatively easy to agree and we know that energy efficiency measures tend to have benefits outright. We are thinking about how to do that and I hope that the European Union will be able to move forward on domestic action in the first six months of next year.

Jeremy Lefroy (Stafford) (Con): I thank my right hon. Friend and his team for their work. What does he intend to do to encourage other countries to sign up to the green climate fund and follow the UK's lead?

Chris Huhne: The power of example is quite powerful, as the Minister of State and I have discovered. We have substantial credit for what this Government are doing on development among African countries and other developing countries, and I think that that power of example is carrying over to other developed countries. I very much hope that others will join in helping to fill the green climate fund. A number of countries have already been prepared to make conditional pledges, including the Government of Korea, and I am sure that there will be others.

Mark Lazarowicz (Edinburgh North and Leith) (Lab/Co-op): At the most recent Energy and Climate Change questions I expressed my concern about progress in the negotiations. I would like to put on the record my tribute to the Secretary of State and his team for their work in helping to secure substantial progress. He mentioned the importance of monitoring and information in the period running up to 2015, but he will also be aware that there is a danger that things might go a little quiet after the negotiations in Durban and that in the run-up to 2015 there might yet again be last-minute political pressure and attempts to put decisions off to another day. What steps can be taken to ensure that there is an opportunity for a political focus from now until 2015 not only in the UK, but in other countries, to ensure that we have an agreement in 2015? For example, what review mechanisms are in place to allow politicians and Governments to have an impact on the negotiations to ensure that they result in the type of agreement we want in 2015?

Chris Huhne: The UNFCCC process provides numerous opportunities, including through the groups around it, such as the Major Economies Forum and the Clean Energy Ministerial meeting, which we will host next spring, in order to bring political leadership to the whole process. I was very encouraged by what happened at Durban and that the political leadership is increasingly there, and we need to build on that.

Jo Swinson (East Dunbartonshire) (LD): I congratulate my right hon. Friend and all those involved in the negotiations in Durban on a very welcome outcome, especially after so many disappointing climate change talks. I wholeheartedly agree with the remarks of the hon. Member for Brighton, Pavilion (Caroline Lucas) on the need for the EU to step up its own emissions targets, but that will clearly be a challenge, given the global economic difficulties we face. Will my right hon. Friend tell us more about the progress being made on the Technology Executive Committee to promote low-carbon technology so that we can simultaneously boost our economy and reduce emissions?

Chris Huhne: Progress is being made in that regard. The key is to ensure that appropriate progress is made at different levels of development. Much can be achieved in some of the poorer developing countries where there are low levels of development by ensuring, for example, that people simply use more efficient forms of burning wood for cooking. We are making progress on the technological issue, but it applies at all levels of development.

Rushanara Ali (Bethnal Green and Bow) (Lab): How much funding has the international community raised towards the $100 billion green climate fund and what international leadership are he and the Government providing to ensure that other Governments make a strong commitment to meet the goal of reaching the full amount urgently, rather than waiting for 2020?

Chris Huhne: Perhaps I should clarify that the $100 billion a year commitment relates to not only the green climate fund, but other sources of finance. It is obviously due when the agreement comes into force from 2020, but in the meantime we have fast-start finance. I have already said what our commitment is. A number of websites are available that add up where we have got to in relation to international pledges. I do not have the figure at the moment, but I will be happy to respond at the next Energy and Climate Change oral questions or to write to the hon. Lady with the latest information.

Glyn Davies (Montgomeryshire) (Con): For a UN treaty on climate change to be meaningful and successful, all the major emitters in the world must be part of it, so it was encouraging to hear that the United States, China, India and Brazil are part of this agreement. How satisfied is the Secretary of State that the treaty obligations are legally binding, that those nations are not just paying lip service and that they will deliver on the commitments we are expecting?

Chris Huhne: The key point on legally binding treaties is that they are not a sufficient condition for dealing with the problem. We must have follow-through in national action, but such treaties are a necessary condition. I cannot think of any international problem that has been resolved without a legal framework. For example, the idea that President Reagan could have gone to Moscow and suggested that international nuclear disarmament or the strategic arms reduction treaty process could proceed with voluntary pledges would have been regarded as laughable. We have stressed, and will continue to stress, that the key objective is to ensure that this is done through a legally binding international treaty that provides everyone with an assurance that we are all moving.

There is a lot of national action. One of the great myths is that we are the only country doing anything, by which I mean that when I talk to fellow Energy and Climate Change Ministers I find that they all say, "But we're the only country doing something." In fact, there is a tremendous amount of action. One useful initiative I participated in was the launch of the GLOBE international study of parliamentarians interested in this area, which set out clearly the amount of action being undertaken through legislation right around the world. We will ensure that that process continues.

Mr Mike Weir (Angus) (SNP): There is a gap between promise and delivery not only on emissions, but—as often happens at international conferences—on the amount of money pledged for funds. The green climate fund is important, because climate justice demands that many countries suffering from climate change need help now, but who does the Secretary of State expect to put money into the fund, how soon it will be in place and how soon will money be given to such countries to help them out? I am concerned about his comment that few countries other than the UK have contributed to the fund so far.

Chris Huhne: I should make it clear that no one has contributed to the green climate fund so far, because it has not been set up. The agreement at Durban, which after all was reached only yesterday morning at 6 o'clock, was to set up the fund, so the hon. Gentleman is being slightly churlish in expecting us to have sorted out all the details and got the fund up and running within 24 hours or so of reaching the agreement. I have no doubt that it will happen; there are a number of pledges already and, as I have said, we stand ready to make announcements in due course. I said to the hon. Member for Bethnal Green and Bow (Rushanara Ali) that I would write to her on the latest state of play on international commitments generally to fast-start finance, for example, and I am happy to copy in the hon. Gentleman on that answer.

Mr Graham Stuart (Beverley and Holderness) (Con): As president of GLOBE in the House of Commons, may I thank the Secretary of State for attending the launch of the second GLOBE climate legislation study, which shows tremendous action taking place in many countries and most of all in developing countries? Does he agree that there is an enormous benefit to the UK economy from closer bilateral work with India and, perhaps in particular, China in the light of the visit, hosted by GLOBE recently, of Xie Zhenhua, the Chinese Minister with responsibility for such matters?

Chris Huhne: Yes, I agree very much that the relationships that we are increasingly building with China and India are very valuable and absolutely key to the agenda's success. We have to make it clear that there is no conflict between the absolutely legitimate expectation of developing countries to be able to raise the living standards of their people and our need to protect our children and our grandchildren, and their children and their grandchildren, from the effects of climate change. One of the most passionate and moving speeches that I heard in Durban was from a Bangladeshi Minister, who described the real threat that there is to his country and to his people if we do not get a grip on climate change.

Mark Durkan (Foyle) (SDLP): I commend the Secretary of State for his statement and the ongoing work that it reflects. He mentioned the resolution on a work programme to look at long-term sources of finance for developing programmes. When does he anticipate the programme commencing? Does he believe that the UK's input will be on an EU axis, and do the possible sources of finance include in that context a financial transaction tax?

Chris Huhne: The work programme will kick off, and it is up to the UNFCCC secretariat to arrange the details, but I do not anticipate any time being lost in setting it up and getting it under way. The details of those represented on it will be settled through the process, but we as a Government are keenly interested and have a lot of expertise in the area, so I hope that we will be able to play a full part and, depending on how that is determined, be represented on any group that pushes the work programme forward.

On the financial transaction tax, the hon. Gentleman will know that we as a Government support financial taxes in general. We have moved on our own banking levy, for example, further and faster than other European countries, and we take the view that we can have further taxes on financial services, but that if such a tax touches areas that are very mobile, as a financial transaction tax obviously would do, it must be concluded at a global level. It cannot be done in only one country, because if it is the activity switches to other centres, and one simply loses out on all the revenue that one anticipated.

With that very important caveat of realism, the issue certainly has been talked about, but I do not believe that it is very likely to make progress, given the stand that other key parties have made against a financial transaction tax—and I am thinking in particular of the United States.

David Mowat (Warrington South) (Con): The Secretary of State will be aware that in the last year of the previous Government we were 25th out of 27th on the percentage of our energy that came from renewables, ahead only of Malta and Luxembourg in the EU. Did that impair his ability to lead by example in Durban; and will he confirm that by the end of this Parliament we will have gone a substantial way to correcting that?

Chris Huhne: I thank my hon. Friend for that point. He is absolutely right that the record that we inherited from the previous Government placed us 25th out of 27 EU member states on installed renewables, and I am determined that, having worn the dunce's cap for some time, we shall make all the best efforts to get out of the dunce's corner and be the fastest-improving pupil in the class.

Points of Order

6.45 pm

Caroline Flint (Don Valley) (Lab): On a point of order, Mr Deputy Speaker. As we approach the Christmas recess, Her Majesty's Opposition still await overdue answers to parliamentary questions: two from November, 10 from last week and 10 from today. Twenty of those are from the Department of Energy and Climate Change, so through your office may I ask that all measures are taken to ensure that written parliamentary questions are answered, so that we have the information to do our job well?

Mr Deputy Speaker (Mr Nigel Evans): Members on the Treasury Bench will have heard the right hon. Lady's plea, and I am sure that Ministers will do what they can to ensure that answers are forthcoming speedily. Of course, there will be other opportunities between now and the recess for her to pursue those matters.

Diana Johnson (Kingston upon Hull North) (Lab): On a point of order, Mr Deputy Speaker. May I seek your advice on the answer that the Home Secretary gave me this afternoon at Home Office questions? It related to statistics to which the Immigration Minister and the Prime Minister have referred, but about which the chair of the UK Statistics Authority, Sir Michael Scholar, has raised concerns—in terms of breaching the statutory code of practice, the ministerial code and the published guidance on the handling of official statistics, issued by the Cabinet Secretary.

The Home Secretary used those figures again this afternoon, and in the light of that can you, Mr Deputy Speaker, request that the statistics to which she referred are now placed in the Library and fully published, so that all parliamentarians can scrutinise them? Currently, the Commons is at a disadvantage, as only the Government have sight of them and keep referring to them.

Mr Deputy Speaker: That is not a matter for the Chair. Ministerial answers are the responsibility of Ministers, but, again, Members on the Treasury Bench will have heard the hon. Lady's plea.

Immigration

6.47 pm

The Minister for Immigration (Damian Green): I beg to move,

That this House has considered the matter of immigration.

It is very important that the Government have found time for this debate today. Immigration is a big issue for many millions of people, and this Government, unlike their predecessors, are not going to sweep the debate under the carpet. It is very important, because immigration stands at the centre of what we want this country to be.

On the one hand, we know what benefits immigration brings to this country's culture, society and economy. Many of our communities have been enriched by the contribution of generations of migrants, and it is absolutely right that in today's competitive global economy we attract the brightest and the best to this country.

Barry Gardiner (Brent North) (Lab): The Minister talks of attracting the brightest and the best to our country. I had a meeting with him a week or so ago about those brightest and best students who came to this country to study at the TASMAC business school. They have been subject not only to the fraud perpetrated on them by TASMAC, which went into liquidation, but to the Home Office now saying that they came to this country to study on one basis, namely that they would be allowed to work for 20 hours in the afternoon, but that that will no longer be admissible, given that they have to extend their visas because the college has gone bust. Does the Minister think that that is fair; and does he think that it is the way to attract the brightest and best in the future?

Damian Green: The hon. Gentleman is aware, because he has indeed had a meeting with me, that we must have rules in place. A huge number of bogus and fraudulent colleges have been closed down, one way or another. Of course, genuine students will have been caught up in that, and we give those genuine students 60 days to find a properly accredited college to move to. I think that two months is a fair time in which to ask people to find a new course. *[Interruption.]* The hon. Gentleman continues to chunter from a sedentary position, but he has to accept that we must enforce the rules and do so fairly; that is why we have the 60-day period. The alternative is to allow potentially bogus students to come here, or genuine students to come here and be exploited by bogus colleges. The tough action we have taken in this field is not only good for our immigration controls but good for genuine students who want to come here—the brightest and the best, to whom I referred—and who will no longer be exploited and defrauded by the bogus colleges that have existed for far too long.

Mr Frank Field (Birkenhead) (Lab): The Minister said that one of the advantages of the system has been attracting the brightest and the best and the culture that they add to this country, but surely for us to benefit from their culture, they need to integrate with us. Are there not areas of the country where almost no integration has taken place and there are now serious political difficulties?

Damian Green: The right hon. Gentleman is right, and I will address that point later. Some of the measures that we are taking are precisely to promote integration. My colleagues in the Department for Communities and Local Government have their own strategy for dealing with that on the ground. Of course, immigration policy can contribute to integration by ensuring that those who come here can, for example, speak English. That is one of the changes in the rules that we have introduced in certain parts of the immigration system. It is an absolutely basic point that if someone wants to come and settle in a country, they should wish to integrate to some extent, and they should therefore be able to speak some English. I hope that the right hon. Gentleman agrees with that.

As I say, this country has clearly gained huge advantages from immigration, but on the other hand, the people of this country have a right to know that the Government are protecting their jobs, enforcing tough requirements on those who come here, and sending home those who break the rules. That is why three things are essential. First, it is essential to control the overall numbers coming here for long periods. Secondly, and equally importantly, we must establish a system that is properly selective among those who want to come here—one that brings to the country people who can support our development but keeps out those who cannot or will not. Thirdly, the system must properly enforce the rules.

Let me start by talking about the need for a focused, selective immigration system. The system that this Government inherited was not only chaotic but indiscriminate. The previous Government's approach was about unlimited immigration, with no limits on tier 1 or tier 2 of the points-based system; tier 1 general and tier 1 post-study work for workers with no job offer; large numbers of supposedly the most skilled immigrants ending up in low-skilled jobs; little-used routes for investors and entrepreneurs; and no restriction on the length of stay for intra-company transfers. Since the points-based system was introduced in 2009, student visa numbers went up from 232,000 to a record 320,000. In 2010, the UK Border Agency had to suspend student applications in some regions because of abuse.

Our first task, therefore, was to impose some much-needed rigour. We have already looked at all the migration routes to ensure that they are selective in the ways that we want them to be—through work, study, family, and settlement by workers. We carried out public consultations on each one of those routes. By next April, we will have reformed them all so that they better meet the needs of this country. We have imposed an annual limit of 20,700 sponsored workers with a specific job offer. We have closed the tier 1 general route and replaced it with a smaller, more focused exceptional talent route. We have restricted tier 2 to graduate-level occupations and intermediate-level English speakers. We have restricted intra-company transfers to 12 months unless the person coming is earning £40,000 a year or more.

We have done the same sort of thing on the student routes. We have introduced tougher entry requirements requiring higher language competency and evidence of the ability to pay maintenance. Any educational institutions that want to bring in students from overseas will be highly trusted sponsors and will be vetted by the relevant inspectorate so that there will be proper inspections and proper accreditation in future. Post-study workers will

need a skilled job offer under tier 2 if they want to stay in the UK. We have also consulted on reforms to the overseas domestic worker route. Some 15,000 visas are issued to overseas domestic workers each year, and we will restrict this in future. On the family migration route, we have consulted on new measures to tackle abuse of family migration; to promote integration, as I said; and to reduce burdens on the taxpayer. Within the next few months, we will bring forward proposals that will achieve all those aims.

Let me pause for a second on a point about the family route, because I should make it clear that the main benefit of this aspect of our reforms will be better community cohesion. No longer will people, usually young women, be brought half way across the world, with no knowledge of our language or our culture, to live lives cut off from the mainstream of British society. It is not fair on them, and it is particularly not fair on their children, who need mothers who can explain the world in which the children live in the language they use outside the home.

Settling in Britain should be a privilege, not an automatic add-on to a temporary way in. We are therefore going to break the automatic link between work and settlement. Only those who contribute the most economically will be able to stay. The Migration Advisory Committee has given us recommendations on how to achieve this.

Finally—

Chris Bryant (Rhondda) (Lab): I thought that the hon. Gentleman might be going to say a little more about what the Migration Advisory Committee has recommended. It has suggested a lower threshold and a higher threshold, and I wonder which of those two he is aiming for.

Damian Green: I think that that comes under the heading of a nice try. The hon. Gentleman will have to wait until we have fully assessed the recommendations of the Migration Advisory Committee, and the House will be told at the proper time when we have come to a proper decision.

Finally, across the main routes we have raised the level of the English language levels required. Those coming to the UK across these routes must be able to speak sufficient English to play a full role in our society.

In 18 months, we have completely reformed vast tracts of the immigration system, and there are the first small signs—I agree that they are small straws in the wind because of the chaos we inherited—that our policies are starting to make an impact. The most recent published quarterly statistics for June to September 2011 show that student visas issued under tier 4 are down by 13% and main work visas are down by 18% on the same period in 2010. The very latest net migration figures to March 2011 are also encouraging, showing a fall since a recent peak for the year ending September 2010. However, I will not disguise from the House the fact that this is a long and difficult process. Net immigration was rising rapidly in the last three years of the previous Government. That is why we said at the general election that it would take the whole of this Parliament to bring it down to sustainable levels—to the tens of thousands annually that we think appropriate—and why we have been taking the necessary steps since day one of this Government.

Mr Frank Field: Is not the reason the net migration figures are disappointing that there has been a collapse of migration from this country? If the migration rates had continued at their former pace, the Minister would have had much more impressive figures to report. On the three reports that he is promising the House on families, on students and on citizenship, will he be a little more definite about when we will know what the Government's plans are in this next stage of trying to tighten up on immigration?

Damian Green: The student changes have largely been announced. Those that did not come into force last April or October will come into force next April. I hope that within a few weeks of the House's return we will be able to announce proposals on settlement and, following that, on the family route.

On the right hon. Gentleman's first point, emigration has fallen and is at its lowest level since 2001. It may well return to trend at some stage. However, Government policy needs to be about controlling what we can control. Clearly, emigration is not under the direct control of the Government. Immigration numbers have only just started coming off the top, as I indicated a few minutes ago. The policies that I have announced will, over the years, bring that number down markedly. That is the main reason why I am confident that we can hit our targets.

Tony Baldry (Banbury) (Con): All Government Members would acknowledge the chaotic situation that my hon. Friend inherited. One difficulty of that inheritance is the number of failed asylum seekers who were left by the previous Government and who are still here. I cannot believe that I am alone among colleagues in what I find when I investigate the immigration status of the people who come to see me. I discover that they have been told that they have exhausted all their remedies and have been advised to leave. Of course, they have no intention of doing so because they wish to remain in the UK and know that if they manage to remain here for a long time, there is always a chance that the courts will give them some right to remain here under human rights legislation. Therefore, this is a question not just of stopping the routes for people coming in, but of dealing with failed asylum seekers who have no right to be within the jurisdiction.

Damian Green: My hon. Friend is right. I will come on to the subject of removals shortly, if he can hold on. The other way to improve the asylum system is to ensure that it is faster. If we leave failed asylum seekers here for many years, as the previous Government did, they establish rights that enable the courts to leave them here. That is why I am so pleased to report that 59% of new asylum claims now get a decision within a month. The asylum system is completely transformed from what is still the public image of it. Indeed, half of new asylum claims are now entirely decided within six months. I assure him and the House that the asylum system is genuinely unrecognisable from the state that it was in a few years ago.

I talked about a selective immigration policy. It is not just about numbers. We want the brightest and the best to come here, and we want to support economic growth. That is why we have consulted business and the higher education sector so carefully on our reforms. On the

[Damian Green]

work front, every month since we introduced the limit, the visas on offer have been undersubscribed. It is important for the House to know that not a single valuable worker has been prevented from coming here by our limit. To promote the brightest and the best, we made the investor and entrepreneur routes more attractive and accessible, for instance through an accelerated path to settlement. The latest quarterly figures show that the numbers for both investors and entrepreneurs have more than doubled compared with the same period last year. We have opened a new route for exceptional talent, through which applicants do not need a job offer but must be endorsed by a competent body as world-leading talent.

Britain has always been a nation with a worldwide reputation in the education sector. We want top students to come here. We cannot have world-class education if our institutions are closed to the outside world. That is why our changes to the student visa route are raising the standards for licensing colleges that sponsor foreign students. Only colleges offering a genuine, high-quality education will be able to sponsor international students in future.

Being selective is also about enforcing the rules robustly. Our border controls must be strong. The idea of the UK border starting at Dover or Heathrow is becoming increasingly out of date. Where it is appropriate, we will continue to export our borders so that they start at airports and visa application centres around the world. If people come through France, the borders may start at juxtaposed controls at Calais or Gare du Nord in Paris, or Brussels, rather than at Dover or St Pancras International. We are working hard with France and Belgium to ensure that people cannot exploit their Lille tickets to come to this country. We will continue to work with the authorities of other countries to align and strengthen border security arrangements. We now have a network of staff who work abroad with carriers to ensure that only correctly documented passengers are brought to the United Kingdom.

One statistic not often quoted about the UKBA is that last year it refused 385,000 visa applications. Every year, many thousands more people without the correct documents are prevented from boarding planes overseas in the first place. That is the best way to protect our borders, rather than waiting for people to come to this country, as we used to do.

Mr Russell Brown (Dumfries and Galloway) (Lab): The Minister knows, from discussions that he and I have had, about the problem with southern Ireland. Can he tell the House how many people have been refused entry from the south of Ireland into the north?

Damian Green: As the hon. Gentleman knows, there are no border controls between southern Ireland and Northern Ireland because we all subsist in the common travel area. However, I am happy to tell him, as I think I have before in this House, that I am shortly to visit Dublin to sign a memorandum of understanding with the Irish Government that will strengthen the common travel area. He makes a valid point, from his constituency interest in the port of Stranraer, that we need to ensure that the common travel area is as robust as it should be. I am determined to do that and so are the Government of the Irish Republic.

Under e-Borders, we already screen more than 90% of non-EU flights and more than 55% of all flights into and out of the UK. We are continually extending the number of routes and carriers covered. More than 10,000 wanted criminals, including murderers, rapists and those responsible for smuggling drugs or humans into the country, have been arrested at the border as a result of such advance passenger screening. As a result of joint working with the French authorities and the use of improved technology, it has become even more difficult for clandestines to evade border controls. That has resulted in a significant reduction in the number of attempts to cross illegally from France to Dover from more than 29,000 in 2009 to 9,700 in 2010. That is a significant strengthening of our border between Calais and Dover.

To move on to the point raised by my hon. Friend the Member for Banbury (Tony Baldry), we are tackling those who come here illegally as well as those who have come for a limited amount of time and then not gone home. We are making life more uncomfortable for those people. Those who are not compliant in one area usually are not compliant in others. We are therefore working ever more with organisations such as the Driver and Vehicle Licensing Agency, the NHS and credit reference agencies to track people down and encourage them to go home of their own accord. We tell credit reference agencies about illegal immigrants so that they cannot easily access credit.

We are also focusing on criminals who facilitate people staying here illegally, such as sham marriage facilitators and passport factories. The UKBA and Her Majesty's Revenue and Customs are working together to come down hard on rogue businesses that use illegal labour to evade tax and minimum wage laws. The first year of that joint work resulted in more than 130 arrests and potentially hundreds of thousands of pounds of tax liabilities for HMRC. A targeted campaign this summer saw more than 550 arrests. We are seeing the results. On 25 November, a Moroccan serial fraudster who used a fake identity to get British citizenship and claim an estimated £400,000 in benefits was sentenced to nearly seven years in prison. Last month, a Vietnamese woman was found guilty of conspiracy to facilitate and smuggle immigrants from Vietnam to Europe and was sentenced to five years in prison at Maidstone Crown court.

Mr Stewart Jackson (Peterborough) (Con): Can my right hon. Friend confirm whether there are any plans to extend nationally the pilot scheme that is being undertaken in Peterborough to remove people who are not exercising their rights under the former worker registration scheme and the free movement directive? It has been very successful, with the UKBA working with both the local police and the local authority to remove those individuals, who at the moment are a burden on the public purse.

Damian Green: I am pleased to hear from my hon. Friend, who has a long history of campaigning on the issue on behalf of his constituency, that he has seen signs of the success of that activity in Peterborough. As he knows, the problem to which he refers is concentrated

in particular areas, so we are not planning to roll the scheme out nationally. That would not be the best use of resources. We want to concentrate on the two or three areas in which that problem is most acute.

Apart from the successful arrests and prosecutions that I have talked about, we are also working to remove people more quickly to more countries. Between May 2010 and October this year, we completed a total of 68 special charter flights of people being removed who had no right to be here, which resulted in 2,542 removals. We are also tackling the problems of the past as they relate to foreign national prisoners. We are starting the deportation process earlier and removing foreign criminals quicker than ever.

Finally, being selective is also about protecting the most vulnerable. Britain should always be open to those genuinely seeking asylum from persecution. As I have said, the asylum system is demonstrably better than it was a few years ago. Over the past 15 months, we have reduced by a quarter the number of asylum seekers awaiting a decision on their application.

Barry Gardiner: I welcome much of what the Minister has said, but there appears to be a glitch in the legacy casework that is being cleared up, and I would be grateful if he addressed it before concluding his remarks. When those who have been locked in the last phase of the legacy casework are brought to the attention of the Home Office, instead of the Home Office addressing some of its failings that have left those people in limbo-land, it is fast-tracking them for deportation. The genuine concerns about how their cases have been dealt with have not been addressed.

Damian Green: I do not think I understand what the hon. Gentleman means about them being fast-tracked to deportation. That is a legal process, and among the powers that the Immigration Minister does not have—sadly, I sometimes think—is the power to decide how fast the courts operate.

Barry Gardiner *rose—*

Damian Green: I may have misunderstood the hon. Gentleman, so I give way to him again.

Barry Gardiner: Perhaps I did not explain the matter as clearly as I should have done. What is happening is that when a Member of Parliament makes representations on a case that has been outstanding, often for many years, and highlights times when the Home Office has failed to respond appropriately or has lost documents, the people in question are suddenly called in for deportation instead of the MP receiving a response that adequately addresses the past loss of documents or failure on the part of the Home Office. Basically, those people are taken out of the system by being taken out of the country, and the problem is not resolved or tackled.

Damian Green: If the hon. Gentleman knows of individual cases in which that is happening, I know he will be assiduous in writing to me on the subject. All I can sensibly say is that, as he says, there was clearly a problem. We have now investigated every one of the cases that was left as part of that terrible legacy, and the vast majority of people involved have received a decision. Somewhere between 10,000 and 20,000 cases are still live, either because there has been a long process or, in some cases, because people have reached the end of the road in their legal process, but there are some countries to which it is extremely difficult to remove people, for various reasons that the House will understand. As I said, if he has specific examples, he should let me know and I will take a look at them.

As I said, the asylum process is much better than it used to be, but there is still much that we can do to improve it further. We have specifically initiated an asylum improvement programme aimed at bringing about improvements in the speed, efficiency and quality of decision making. For example, we have introduced an entirely new approach to managing the return of families who have no right to remain in this country. The aim is to encourage and support families to leave voluntarily, with financial and practical assistance, without the need for enforcement action. The number of children entering detention at immigration removal centres and short-term holding facilities fell from 1,119 in 2009 to 436 in 2010 and to just 65 in the first 10 months of 2011. In addition, 14 children entered our pre-departures accommodation in Sussex from its opening in the middle of August to the end of October.

As I hope I have demonstrated to the House, we have taken vigorous and necessary early action to tackle the problem. I know how much passion it raises, and I know how many pressure groups hold strong views on all sides of the argument. We need to have these discussions. If mainstream, moderate politicians do not discuss immigration, we will leave the field clear to the extremists, whether the British National party, the English Defence League or the Islamists, whose only desire is to stir up hatred.

We in this House must lead and shape the immigration debate, and to do so Members of all parties need to have a clear basis for their policies. I will be generous to the hon. Member for Rhondda (Chris Bryant). I do not expect Labour to have a fully worked out policy yet, and I will refrain from teasing him by quoting the noble Lord Glasman's view about Labour's lack of honesty on the issue when it was in government. However, I think it is legitimate to ask one simple question. Does the Labour party think that immigration at current levels is too high? If it cannot or will not answer that question, it cannot play a serious part in this important debate.

As I have said, immigration can be beneficial to Britain, but the unsustainable levels that we have seen over the past decade have been damaging to our economy, our society and our country. That is why the Government are working so hard to get a grip on immigration and provide an immigration system that encourages the right people to come here and keeps out those who would harm us. It is not an easy task, and it will take years rather than months, but it is an absolutely essential task for the future well-being of our society. I can assure the House that the Government are implacably determined to get this right.

7.17 pm

Chris Bryant (Rhondda) (Lab): I will start with the issues on which I completely and utterly agree with the Minister. First, I agree that this is not an issue we should—*[Interruption.]* I am sorry, the Minister is wittering something, I think. *[Interruption.]* He is carrying on.

[Chris Bryant]

The Minister said that he believed this House should consider immigration on a regular basis, and he is absolutely right that if serious politicians in the mainstream political parties do not talk about immigration, we vacate the scene and leave it to extremists from other political parties and those who have no desire to foster good community relations.

Sometimes the debate gets heated, although I suspect it is not going to get very heated this evening if the proceedings so far are anything to go by. Some talk about immigration in this country is undoubtedly racist, but I have never subscribed to the view that just because somebody thinks immigration is the single most important political issue facing the country, that makes them racist. If I were to think that, I would probably be telling most of my constituents that they were racists. That is not because the Rhondda is full of people who have come to this country in recent years. In fact, I believe that of all the constituencies in the land it is the one where fewest people were born outside the UK, but that does not mean that my constituents are not directly affected by many of the issues that are enveloped in the whole issue of immigration.

There is a great deal of misunderstanding. Many have confused asylum with immigration, and serious politicians have always wanted to keep those issues apart, as the Minister for Immigration has.

I asked the Minister whether the Government had decided where they were going on the threshold salary that somebody should have if they were to bring in a dependant. He said it was a "good try", but I asked solely because I thought the Government had an announcement to make today. I suspect that they were originally going to announce something, which was why they decided to hold this debate, but suddenly there were other important matters to be discussed, the announcement disappeared, and with it went the Home Secretary.

It is a simple fact that because world travel is now so much easier for the vast majority of people, there is inevitably more migration. People can physically move around the world and relocate, and many more do so. Occasionally—I am sure all hon. Members have heard of this in their constituency surgeries—people go abroad on holiday, meet somebody and fall in love with them and want to bring them back to this country. For that matter, my parents met not in this country but in Spain—they were both British—and came back to the UK.

Many other things have affected migration in recent years, not least the fact that countries that were once closed to the rest of the world have opened up, Spain being a classic example. Under Franco, Spain was closed to many, and people could not easily get a visa to go there or vice versa. Similarly, most of the eastern bloc of the EU was closed, as were Portugal and many other places.

In addition, the UK, which is primarily a trading nation, has always had much inward and outward migration. In Wales, we are particularly conscious that, at the turn of the 20th century, when there were no jobs in south Wales, many Welsh people went to live in Argentina, which is why there is a large community of Welsh speakers there. Indeed, William Abraham tried to migrate to Argentina but could not get a job there. He ended up coming back here and became the first MP for Rhondda.

The Minister referred to the fact that many British people go abroad, but it strikes me that British people abroad are often far and away the worst at integrating into local communities—one has only to visit Buenos Aires, where there are more piped bands than there are in Stirling and Edinburgh put together, to recognise that enculturation is not the primary focus of British people when they go to other countries.

For that matter, one has only to look at areas of south Wales to see that inward migration has been a vital part of the economic success of the past. Calzaghe is a not-unknown south Walean name, because people came from many places to work in the mines at one time. The English-Welsh word for a coffee shop is "brachi" because many thousands came from Badi in Italy in particular to work in the mines as that was where the work was. Likewise, many came from Ireland and even a few from England.

The problem, of course, is that migration has very many different vectors. It is not, as some have assumed, that migration to this country has been stimulated because we have a supportive welfare system or a strong NHS. In actual fact, the vast majority of migration is caused by elements that push people away from their home country, be that war, famine or political instability, which often leads to asylum. I remember a debate a few weeks ago with the Immigration Minister on migration from north Africa. He was optimistic that the situation developing in the Maghreb would mean that many fewer would come to the UK than were originally expected either for asylum or other reasons, but the most recent figures show that there has been a significant migration to the UK and a significant increase in the number of asylum cases. That issue will inevitably have to be kept under review.

One other potential vector, which other hon. Members have addressed on other occasions, is climate change. If the seas of the world rise because of climate change, there is a strong likelihood that some of the poorest people in the world will not only want to move but have no choice but to do so, because many of their homes are in the most exposed areas.

I agree with the Minister that migration is not always good. Very often, refugees end up extremely disoriented when they arrive in this country, either because their language skills are not brilliant or because they do not understand the system—they might not even understand what side of the road we drive on and things like that. I was struck by that the other day. There was a fight in Tesco Metro and a young man, who had clearly been drinking, was shouting at the shopkeepers, "You have no understanding. I am in this country. I am allowed to be in this country, but I am not allowed to work." It turned out he was Albanian. Who knows how he will manage to get himself home? The pain of many of those who are forced to travel the world because they are simply seeking a better place for themselves can be writ large.

Often the receiving communities are ill equipped, either financially or culturally, to welcome people. When the number of asylum claimants in the UK was at its highest—not necessarily because of anything that had happened in this country, but because of factors in

other parts of the world at a time of particularly unstable international relations—many communities in this country found it genuinely very difficult to take on board the number of people who went to live there, even though they wanted to be welcoming.

In addition—this is what I am most aware of in my constituency because a number of constituents have raised it with me—many feel that there are few jobs out there at the moment as it is, particularly at the lower end of the scale. There are few jobs for manual labourers, and when they get them, they are sometimes turfed out after just three or four months because somebody comes from another EU country and is prepared to do the job more cheaply. A constituent came to me last week. He was delighted when three months ago his son got a job in Gloucester—he travelled there and back every day—but then his son and the five others who were employed were sacked and their jobs taken immediately by people from Poland. The vast majority of my constituents simply do not understand why that should be so and feel that there is a fundamental unfairness in the system.

No hon. Member will today suggest that we should change all the EU's provisions. Labour Members have already accepted that we should have introduced transitional arrangements for the countries that joined the EU more recently. We should have gone along with countries that did so, and we underestimated the number of people who would come to this country. Of course, two more countries will have full rights in 2014, and it will be interesting to hear the Government's estimate of the number of people who will come to the UK from them.

Although it is easy to identify some of the problems in relation to immigration, it is not always easy to identify the answers. I have been lobbied quite ferociously by quite a lot of lesbian and gay organisations on what they term "gay asylum", which is when somebody comes to this country because they will be persecuted for their sexuality in their country. Those organisations believe that nobody should be sent back to their country to face discrimination and a difficult life. Although I wholeheartedly agree that we should not send lesbian and gay people back to Iran to face almost certain imprisonment, it is very difficult to have a simple, straightforward open door for anybody who chooses to claim that they are lesbian or gay. I suspect that the problem is not as simple as people would want it to be.

Similarly, I raised the issue of family members coming to this country. Nobody in the House would believe that somebody bringing a spouse or a member of their family to this country should be able to do so and then put a burden on the state. The question though, as the Migration Advisory Committee has pointed out, is what placing a burden on the state means exactly. Does it mean that someone should not be in receipt of benefits or does it mean that at no stage in the future should that person receive anything from the state? That determines the level at which the threshold would be applied.

Some of the poorer constituencies and communities are of course concerned that the rule will allow rich people to go abroad, fall in love and bring someone back, but poorer people will not be able to do that. The danger is that the rule is unfair.

Bob Stewart (Beckenham) (Con): The hon. Gentleman referred to being a burden on the state, which also makes me think of problems connected to education and the NHS. It is not just whether migrants are employed; it is also their need for services that we ordinarily expect for our citizens.

Chris Bryant: Indeed, and in a sense that is the conundrum that the Government have to try to resolve. At some point, they will obviously change the threshold from its present low level, but if they go for a significantly higher figure, the danger is that it will introduce an unfairness. The strange thing is that while people might be intrinsically opposed to individuals in general being allowed to bring others into this country, they tend to adopt a slightly different attitude when confronted by individuals that they have got to know.

The NHS also has specific needs in relation to migration. Several hon. Members have approached me about problems that their local accident and emergency units are having, because these days many doctors do not want to work in those units—there can be violence, many people are drunk and there is no ongoing care for patients. Many trusts, and many local health boards in Wales, have been looking to recruit internationally, but it is impossible for them to do so because of the way in which the rules are structured. That is placing a very precise burden on some accident and emergency units. Of course it would be better if we planned better so that we did not have skills shortages, but in some parts of the country they do exist.

Mr Stewart Jackson: We all believe in evidence-based policy making, rather than the anecdotal points that the hon. Gentleman is making. In that case, why did his Government, when they were in power, specifically prevent the publication of information in the form of research by the Department for Communities and Local Government that considered the impact of immigration on local services?

Chris Bryant: I do not have the faintest idea. If the hon. Gentleman wishes to write to me, I will try to give him a better answer. Yes, my point is anecdotal, in that the Government have a figure for certain forms of accident and emergency doctor provision in the whole of the UK, and there is no shortage across the whole country, just in certain areas. That is why we may need some tweaking to ensure that we are able to maintain the services on which we all rely. There are similar issues in relation to nursing, not least because one of the elements of migration that we must bear in mind is that many British nurses—although no statistics have been provided since 2008—are choosing to work in countries such as Canada, New Zealand and Australia. It is therefore difficult for us to plan precisely.

Dr Eilidh Whiteford (Banff and Buchan) (SNP): One of the challenges for the NHS is that many of the overseas students who come to study health sciences in our world-leading universities have been built into the staffing plans of our health services. That is partly where the gap comes from. I am concerned about the knock-on effect of our recruiting overseas and the brain drain from developing countries. It is important, however, that we do not pull the rug from under our NHS plans and those elsewhere in our public services.

Chris Bryant: The hon. Lady makes several fair points. She is right about not wanting to steal lots of doctors from other parts of the world, although

[Chris Bryant]

people often want to work here for a few years and take their expertise back to developing countries—a positive contribution that we can make. At this very moment, the minor injuries unit in Llwynypia is closed because the accident and emergency unit at the Royal Glamorgan in south Wales is not able to recruit internationally. It has tried to recruit nationally several times, so there is a problem and we need to be able to plan for our services.

Universities face similar issues, because—as the Minister said—it is vital that the brightest and the best come to the UK to study. If they do not, we will not have the best universities and the brain drain will continue and cause long-term productivity problems. That is why some of what the Minister is suggesting in relation to the university route—the right to study in the UK—is right, although I wonder whether some specific elements need tweaking. For instance, it is suggested that someone should be allowed to do a course for only five years, with no extension to six or seven years unless they are already earning £35,000, but junior doctors are on about £29,000 and staff doctors on £34,000. There is therefore a danger in the Government's proposals.

Tristram Hunt (Stoke-on-Trent Central) (Lab): Is my hon. Friend aware of particular concerns in the Indian subcontinent about rules on studying in the UK whereby Indian students have to return immediately after graduation, when many of them would wish to spend a year working here to pay back their fee?

Chris Bryant: Of course there are concerns, but ensuring that students go home once they have completed their courses is an important part of what we need to do if we are to address migration issues. However, this should be based on evidence not on anecdote. My concern is that in some cases the evidence points to the fact that the vast majority of those doing further educational courses have every intention of returning and not of staying illegally.

The Government have fallen for some easy answers and have made a mistaken promise. The Minister rather skirted over the Government's commitment, which is to cut net migration to tens of thousands—no ifs, no buts, as the Prime Minister said. The Home Secretary also said that the aim was to reduce net migration from the hundreds of thousands to the tens of thousands by the end of this Parliament, saying "Listen very carefully, I shall say this only once", in her best "'Allo, 'Allo" accent. The only problem is that actually the figures have gone up. In the year ending March 2010 the figure for net migration was 222,000, and the year to the end of March 2011 saw an increase to 245,000.

The Minister said that there were only some parts of the equation that we could do anything about, but that he none the less remains committed to a net migration target. He can do something about net migration if he wants to persuade more British people to go and live elsewhere, but that is why we have some concerns about the precise way in which the Government have worded their target.

In relation to those who want to come to this country to work, the Government have used rhetoric that makes it seem as though there is a cap of 20,700 in total, but in actual fact, in the 12 months from the third quarter of 2010, 158,180 work visas were issued. Similarly, the number of tier 2 applicants who were successful in obtaining visas is virtually identical to that for the year before. As the Minister said, his cap has not yet cut into the numbers because it is relatively generous, but what is the point of the cap if nobody has yet been refused because of it?

In the first quarter since the new cap was introduced, 37,000 work visas were issued. The number of intra-company transfers, which the Minister condemned when we were in power, has gone up from 26,554 to 30,000 in July. My biggest anxiety about the Government's record is illegal immigration. Contrary to the figures the Minister gave, the number of removals and voluntary deportations has been going down quite significantly since the general election. Between 2007 and 2010, the number was always above 60,000. In 2008, for example, 67,981 people were removed or voluntarily deported. In the nine months from January to September this year, the number was down to 38,865—a 12% fall on last year's figures. There was no increase, as the Minister told us earlier, or as the Prime Minister said a few weeks ago. Indeed, the Prime Minister specifically said,

"illegal immigrants, 10% increase in arrests".—[*Official Report*, 9 November 2011; Vol. 535, c. 278.]

That is completely and utterly factually incorrect. The figures show that in the third quarter of last year, 4,730 people were arrested. This year, the figure is 4,141—a fall of 12%; not an increase.

Similarly, the number of non-asylum cases refused entry at port and removed has fallen from roughly 7,000 a quarter to just 3,822 and a little bit more in each of the subsequent three quarters. In addition, this year the Government have engaged in an ill thought through and unconvincing pilot scheme, which effectively lowered the level at which our security was being guaranteed.

I raise those figures because we need to be careful about the use of statistics by this Government, especially by this Minister. Sir Michael Scholar, who attacked the Minister for releasing inaccurate and deliberately misleading statistics on drug seizures, said:

"The Statistics Authority considers that the fact and manner of the publication of the 4 November press release, in advance of the official statistics, was irregular and inconsistent with the statutory Code of Practice, and also with the Ministerial Code and published guidance on the handling of official statistics issued by the Cabinet Secretary."

In normal parlance, that means that the Minister has broken the rules and should be sacked. In essence, that is what Sir Michael Scholar is saying. He says quite precisely that the Minister has broken the ministerial code.

When I wrote to Gus O'Donnell about this, he gave this answer in mandarin:

"The Home Office press office has also given assurances to the Department's Chief Statistician that it will work more closely with statisticians and analysts to ensure that this oversight will not happen again."

In other words, he is confessing that in the publication of statistics the Minister sought to mislead not this House but elsewhere.

Of the eight named day questions that I tabled at the beginning of November, not one has been answered, despite the fact that it is a full month after the date when they should have been answered.

I have some specific questions for the Minister. First, on family migration, what threshold income are the Government leaning towards for a person bringing in a dependant, and when will they announce it?

Secondly, the NHS has no details of the number of staff coming into this country and being employed by it either from within the EU or from outside the EU. It is difficult to form a coherent strategy on NHS staffing or immigration until such statistics are produced. Will the Government set about doing so as soon as possible?

Thirdly, has the Home Office done any specific analysis of the needs of accident and emergency departments around the country? The Migration Advisory Council is now suggesting that everyone on tier 2 visas should have a visa for only five years and that it should be non-renewable unless they are on £35,000 or more. Is that the view of the Government, and what effect do they think that will have on NHS staffing? Has any analysis been conducted of British nurses emigrating to other countries? Again, that is vital information if we want to ensure that we have proper staffing.

In addition, the Home Office estimates that there will be 70,000 to 80,000 fewer students coming into this country because of the changes in provisions. What estimate has the Minister made of the financial effect on colleges around the country, and when precisely do they expect to be achieving those numbers?

Furthermore, a consultation is under way on tier 5 of the points-based visa system, which proposes shortening visas from 24 months to 12 months. This scheme is largely used under the medical training initiative, which allows doctors from other parts of the world, particularly from developing parts of the world, to train in the NHS for two years. All those involved in the scheme say that if we were to cut the scheme to one year, people would not receive sufficient training to be effective when they go back.

A consultation is under way on the domestic worker visa. As the Minister has said in previous debates, when people come in on this visa, they are tied to an employer; they are terrified and are in virtual domestic servitude. They are treated appallingly with uncertain hours and uncertain pay. If, as the consultation suggests, they are unable to change their employer in future, there is a real danger that we will be consigning more people to domestic servitude and to a more difficult situation. When will the Government announce their policy on that?

My final question is on trafficking. Last year, the Association of Chief Police Officers stated that it was aware of 2,600 women being trafficked for sexual exploitation in this country—a much higher figure than the number dealt with in the system. Is it not time that we have a means of dealing with people once they have been trafficked and once the trafficking has already occurred in this country, and that we do more about using the Department for International Development's budget and other budgets to ensure that people are not trafficked here in the first place?

Damian Green: I am grateful to the hon. Gentleman for giving way after his long list of questions. I asked him one, and in half an hour he has not even addressed the central issue. Does he think that immigration is too high at the moment?

Chris Bryant: The Minister has not said whether he thinks the figures are too high. As the Prime Minister is all too happy to say on very many occasions, it is for him to answer questions; it is not for us to do so.

We will support the Government on many things, but not on everything. We will support them when they seek to tighten the system against illegal immigration, international criminality and trafficking. We will also support them when they seek to ensure a robust and fair set of migration rules that do not undermine our economic prosperity or communal support for the system.

7.48 pm

Nicholas Soames (Mid Sussex) (Con): Uncharacteristically, I am losing my voice. If it finally runs out, I shall just sit down.

I thank my hon. Friend the Minister for so clearly setting out the Government's position. He has brought immeasurable good sense to this very difficult portfolio. When I think that 10 years ago, a Labour Minister at the Home Office, Beverley Hughes, described me as being a racist for even having an Adjournment debate on immigration, I can see that we have come a long way.

As the hon. Member for Rhondda (Chris Bryant) said, it is important that we can discuss this serious matter in a clear, open, sane and humane way. I regret having to say that over the years of the Labour Government, what was already a problem turned into a really, really serious problem, and this Government now have to put right something that is of great concern to an enormous number of our constituents. In those terms, I warmly welcome this debate and thank the Government for making time for it. That is a clear recognition by them of the widespread public concern about the scale of immigration to the United Kingdom.

That concern was illustrated by the remarkable response to a Migrationwatch petition on the Downing street website calling for immigration to be kept below 70 million. One hundred thousand people signed it within a week. The right hon. Member for Birkenhead (Mr Field) and I are in touch with the hon. Member for North East Derbyshire (Natascha Engel), the Chairman of the Backbench Business Committee, about how this should be followed up, and we hope to have—indeed, the Committee has said that we can have—a specific debate early next year, after the Government have announced their measures on economic and family migration that are now under consideration.

Today, however, I would like to make three broad points: first, that the Government's policy objective is clearly the right one; secondly that migration to Britain can and must be reduced; and thirdly that encouraging the outflow of non-EU migrants who no longer have the right to remain in Britain will be the key to further progress once the first round of measures is in place.

I congratulate the Government on their strategic decision to reduce the level of net migration to tens of thousands and on sticking to that objective. This is the first time in British history that any Government have had the courage to establish such a firm objective for immigration. Such an objective is essential. We need to be absolutely clear that after the rapid increase in immigration since 1997—a catastrophic public policy failure—we now face a fundamental choice: either we allow population growth to continue indefinitely, with

[Nicholas Soames]

all that it would imply for our public services, environment and society, or we take the firm and sometimes difficult measures to bring immigration under control.

Governments in Britain have traditionally been reluctant to talk about the size of our population lest they be the butt of puerile references to Chinese birth control policy. Nevertheless, we must face the fact that two thirds of our population growth is now a result of immigration. Yet this is the only component that is potentially under Government control. If, therefore, population growth is to be kept within reasonable bounds, immigration simply has to be reduced—and reduced substantially.

The most recent population projections from the Office for National Statistics underline that point. It has assumed that immigration will continue at a rate of 200,000 a year—about the average of the past 10 years—but if that level is allowed to continue, the UK population will hit 70 million in about 16 years and will continue rising indefinitely beyond that period. Given that neither of the other two components—the birth rate and the death rate—is likely to change very much in that period, this is a mathematical certainty.

It is sometimes claimed that the ONS projections have been unreliable. The immigration lobby dines out on an error that the statisticians made nearly half a century ago at a range of 35 years. Methods have improved greatly since then. Nobody claims perfect accuracy but, in fact, over the past 50 years, and at a 20-year range, the ONS population projections have been accurate to plus or minus 2.5%.

The figure of 70 million is not simply a round number; it is a marker by which we can judge the success or otherwise of our immigration policy. It also flags up for the public exactly what is involved. We are talking about an extra 7 million in 16 years, of which 5 million will be a direct or indirect result of immigration. The public are perfectly clear that they do not wish to see a population increase on anything like that scale, and it is therefore absolutely incumbent on the Government to take effective action.

In seeking to take such action, the Government have been criticised for choosing net migration as the objective of immigration policy. It is suggested—correctly, of course—that the Government cannot control British emigration or immigration from the European Union. A glance at the numbers, however, shows that those two flows have generally cancelled each other out. It also shows that the real problem stems from an imbalance in migration from outside the European Union. For the last seven years, we have had something like 300,000 such immigrants every year while only 100,000 have left.

Mr David Ward (Bradford East) (LD): I think that we all accept what the right hon. Gentleman has said about immigration from outside the EU and about how immigration from within the EU is not controllable, but does he not agree that the behaviour of many Governments towards some of their own citizens—principally the Roma—in some parts of Europe is increasing the pressure on them to leave those countries and come here, because we treat them a good deal better?

Nicholas Soames: That is probably self-evidently true but it does not alter the fact that the figures remain correct, as I have said.

It is this 200,000 net migration of non-EU citizens that the Government can and must control. My second point, then, concerns how that control might be achieved. The focus must be on the largest flows: students, economic migration and marriage, in that order. Non-EU student visas are still being issued at a rate of almost 1,000 a day. There has clearly been massive abuse of this route, with literally hundreds of dubious colleges being closed down in recent years, and rightly so—I warmly commend my hon. Friend the Minister on the vigorous action that he has taken on this matter.

Nobody disputes the benefit to the higher education sector and to the British economy more generally of foreign students who come to study here and who later return home—many of them as lifetime and greatly valued friends of Britain—but it seems to me that there are three main problems associated with this area of immigration: first, in spite of the Government's efforts so far, there might still be a number of bogus courses and colleges being used by students; secondly students are still allowed to do too many courses and a number of repeat courses; and thirdly a number of students, although here legally, overstay at the conclusion of their courses.

Bogus students are a serious problem. At the end of the day, they come here to work illegally and send money home, and in doing so they undercut British workers and allow unscrupulous employers to compete unfairly with employers who provide a decent wage and decent conditions. The Government are absolutely right to crack down on this abuse, but they now need to go further and ensure that in countries of immigration concern students are interviewed at posts overseas to ensure that they are genuine and that they intend to return home after their course.

Those are the two critical tests, but the present box-ticking system severely constrains the ability of entry clearance officers to conduct them and act on their findings. That must change and change soon. I also suggest to my hon. Friend the Minister that the UK Border Agency be instructed to visit many more of these colleges so that it can truly satisfy itself as to the infrastructure, staff and validity of the courses being taught. This is a major problem and I know that he is dealing with it with great vigour.

The second largest inflow is of economic migrants, and here I must stress that we must be extremely careful not to impede the economic recovery on which everything depends. British and international firms must know that they can bring essential staff into this country to develop and expand their businesses. They must also have stability and predictability if they are to operate effective personnel policies. Fortunately, the Government have taken that into account in allowing intra-company transfers of senior staff with no restriction on numbers. They have also provided 20,000 or so work permits a year, of which, under the current economic circumstances, only about half have been taken up. The Government are also now proposing to break the previously almost automatic link between gaining a work permit and achieving permanent settlement in Britain. That is a fundamental step and is a suggestion originally put forward by the cross-party group on balanced migration, which I co-chair with the right hon. Member for Birkenhead. The details still need to be worked out, and we anxiously await the Minister's decision. However, we

believe that the proposal will provide a means of meeting the needs of employers while also limiting the impact on population growth.

I suspect that much of the concern in the business community has stemmed from the interim arrangements put in place shortly after the election, which caused a great deal of confusion. The longer-term arrangements should now be allowed to settle down, to ensure, as I have mentioned, the predictability and stability that, in practice, are so important to both employers and employees. There should be no more talk at all about whether Britain is "open for business". Of course it is: it always has been and it always will be. The 40 million foreign citizens who arrive in Britain every year are surely firm evidence of that. Not only is such talk wrong; it also damages the interests of business and this country.

The third major route is the family route. Clearly there can be no question of preventing British citizens from entering into genuine marriages with foreign nationals. However, the public interest is engaged when they propose to live in the UK. The Government are clearly right to ensure that those who choose to make their married life here should have enough English on arrival to participate from the outset in our community. I wholly endorse the remarks of the right hon. Member for Birkenhead, who is very sorry that he cannot be here tonight. He has made the point that there are large areas in this country where no integration has taken place, to the great disadvantage of the communities concerned, the communities surrounding them and the people living there who are not part of those communities. Those problems will cause great social disturbance in this country unless dealt with sensitively but firmly. We must ensure proper integration in future. The Government are also right to question whether the taxpayer should, in effect, subsidise marriage to a foreign partner. In addition, measures are needed to deal with cases where young people come under severe social pressure to marry someone resident abroad. More effective use of interviews could help in such cases, which fall short of forced marriage, but only just.

Thirdly, and lastly, the announcement of Government policies early next year will complete the first round of measures to address the scale of immigration. We must then watch how the numbers develop. There is, however, an important aspect to which we must shortly turn our attention. I refer to the outflow of non-EU migrants, which, as I mentioned earlier, has been substantially less than the inflow. That is due to large numbers staying on in Britain, either legally, by extending their stays, or illegally. We need to ensure that those extending their stay are doing so for valid reasons. The new Home Office policy of requiring students to progress to a higher level of study before their stay can be extended is a step forward. We also need much more effective measures to deter and remove those who no longer have any right to be here.

I have gone into a certain amount of detail, because this, as so often, is where the devil resides. However, we must not lose sight of the wider picture. Over the last 15 years, we have issued something like 2 million visas a year, but have had no record of individuals as they have arrived and departed. As a result, the Government have no idea who is in this country or why they came in the first place. A clear set of policies is now being instituted to attend to that. They must succeed. Failure would mean losing control over the scale and, indeed, the fundamental nature of our very society. We are also in serious danger of losing public confidence in the Government's ability to protect and control our borders. That is a fundamental duty of Government which must be most resolutely addressed.

I am grateful for the opportunity to speak in this debate. Let me again tell my hon. Friend the Minister that I applaud the way in which he is tackling this difficult problem.

8.4 pm

Mr Julian Brazier (Canterbury) (Con): It is a huge pleasure and honour to follow my right hon. Friend the Member for Mid Sussex (Nicholas Soames), who has spoken out on this issue again and again, including when abuse was heaped on anyone who tried to do so. I also praise my hon. Friend the Minister, who has brought great energy to one of the most difficult briefs in Government. What I am about to say will be pretty bleak, frankly, but not one word of it should be taken as a criticism of the huge amount of energy and intellect that he has brought to his job.

It is curious, looking through one's postbag, how many of the pressing issues facing Britain today—housing shortages, congestion on roads and public transport, water shortages, pressures on public infrastructure of every kind—derive largely from a single, common factor: population growth, to which my right hon. Friend referred. We are one of the most densely populated countries in the world, with 255 people per square kilometre. During the time of the last Labour Government, immigration policies encouraged an unprecedented influx from EU and non-EU countries, which has boosted populations in some urban areas to near crisis point. Between 1997 and 2009, after deducting the number of those leaving, more than 2 million extra people were recorded as settling in the UK, a surge that is unprecedented. However, for the first time, those figures were calculated without using embarkation records, so the true figure may be much higher. The ONS projections to which my right hon. Friend referred have been upgraded again and again. For example, in 2004 they indicated that by the middle of this century our population would reach 67 million. In just three years that projection was increased to 77 million, and it continues to rise.

I believe we need to look at gross rather than net migration figures, for several reasons. First, many of those leaving are elderly people, looking to spend their retirement abroad in the sun. In contrast, the vast majority of immigrants are young. First-generation immigrants typically have large families compared with indigenous families. There is a further, obvious point, which was well understood in this country until the middle of the last century, which is that because we are basically overcrowded we always used to have more people leaving, precisely to find homes in emptier lands. Today, housing pressures are caused by domestic factors, such as family breakdown, increased longevity and so on, which have led to smaller household sizes, so if we do not have a degree of net emigration, we will have to keep building more and more.

Chris Bryant: The hon. Gentleman's last comment—that the reason many British people have gone around the world and settled elsewhere is because Britain is

[Chris Bryant]

overcrowded—is factually wrong. The parts of the country from which many people left—Scotland and Wales—are the least crowded. In fact, they mostly went because there were no jobs in this country or, originally, because of religious persecution. It is nothing to do with overcrowding.

Mr Brazier: One can go back quite a long way, into religious persecution and earlier history, but we were very keen to encourage, for example, the Australians to keep an assisted package programme going for nearly two thirds of the last century. Much of that was precisely to reduce overcrowding. There was also a degree of internal re-location—for example, with the setting up of new towns outside London—but we encouraged movement abroad, as well as out of our major cities.

Everybody agrees that previous generations of immigrants have brought huge benefits, in such fields as business, science, sports and the arts. We all have friends from a variety of different communities. My family has particularly benefited from a doctor, without whom two of my sons would not be alive today, who is a recent immigrant. However, few people recognise the sheer impact of population growth on our country today, and I want to focus on two issues: housing and infrastructure.

The most serious social and economic issue facing middle and lower middle-income families in Britain today is the shortage of housing, and not just in the south-east where land is at the highest premium. The huge inflows of population that took place under the last Government are going to require very large releases of land, much of it countryside, even without any further population growth. Our house prices today, despite some fall from the peak during the recession, remain very high by international standards and, crucially, in relation to our falling incomes.

As the Prime Minister pointed out the other day, the average age of first-time buyers has risen to 37. Many families are now burdened for much longer than ever before with heavy mortgages, so adults have to work longer hours and for more years in an attempt to service those mortgages. An OECD survey showed a few years ago that a higher proportion of people in this country feel they are working more hours than are good for their family life than people in any other major country in the developed world.

Shelter paints an equally bleak picture of the rental market. More than half of local authorities in England have a median private rent for a two-bedroom house that costs more than 35% of median take-home pay. Families are forced to cut their spending on essentials—food, heating or whatever—to pay the cost of rent or the mortgage.

The Government have set out plans to revive building, which was at an all-time low at the end of the last Government, but that will have the knock-on effect of causing huge problems for infrastructure. The Environment Agency, for example, estimates that 5 million people live in flood-risk areas in England and Wales, and as climate change accelerates, that number will no doubt rise. Yet in a county such as mine—Kent—the majority of all land that does not fall into a protected category is now on floodplains, so much of the building we are going to have to provide to cope with our existing population, including the rise caused by the bulge in immigration, will have to be built on precious protected land or else more communities will have to be exposed to the dangers of flooding.

Water supplies in many parts of the country are under strain, too. In fact, our national average per capita is now lower than that of Spain and Portugal. As more water is abstracted from aquifers and rivers, the flow in rivers falls, killing wildlife and scarring the countryside.

Immigration is putting considerable pressure on our schools, too. A report by London Councils stated that on current projections, London is 18,000 places short. It is not just London. Between 1998 and 2010, the proportion of children in primary schools in England for whom English is not the first language very nearly doubled to 16%, and in inner London native English-speaking children are in the minority. The noble Lord Knight, until recently a Labour Education Minister, admitted that

"undoubtedly there can be problems"

in schools with large numbers of non-English speakers. That is massively to understate the handicap suffered by all the other children in those schools.

The number of arrivals from overseas registering with a GP has increased dramatically. One of the hardest hit NHS specialties has been midwifery, as birth rates have risen most sharply in areas where numbers of immigrants are high. When Labour came to power in 1997, one baby in eight was born to a foreign-born mother. That has now risen to one in four.

My hon. Friend the Minister for Immigration has put it well: the real questions are how Britain can benefit most from immigration and what controls do we need to maximise those benefits and minimise the strains. The last Labour Government—we still have not had an answer from the shadow Minister as to whether he believes immigration is too high—maintained that immigration was good for Britain and the British economy as a whole since immigrants boosted GDP. Of course it is true that on average immigrants pay more tax than they receive in benefits or consume in public services. Many, especially the kind of immigrants who came through in generations before Labour opened the borders, make a gigantic contribution, but taking an average disguises the bottom end of the spectrum.

Many of those who arrived in Britain under the last Government, particularly from the Asian subcontinent, were unskilled and joined often insular communities in which incomes were already low and in some cases the unemployment rate was near to 50%. Pakistani and Bangladeshi communities, for example, were those most likely to enter the UK through the family route after the primary purpose rule was dropped.

Baroness Flather, the first Asian woman to receive a peerage, caused outrage when she made a brave speech in the House of Lords. She said:

"The minority communities in this country, particularly the Pakistanis and the Bangladeshis, have a very large number of children and the attraction is the large number of benefits that follow the child."

She went on to say:

"Nobody likes to accept that or to talk about it because it is supposed to be very politically incorrect."—[*Official Report, House of Lords*, 13 September 2011; Vol. 730, c. 706.]

Of course it is true here as in countries all over the world that the trend is for birth rates in ethnic groups that integrate to go towards the national average. The problem, as the right hon. Member for Birkenhead (Mr Field) has pointed out, is that under the last Government we grew significant numbers of communities where there was no integration and no trend in birth rates or anything else towards the national norm. The whole economic argument has largely ignored the costs to the overburdened public purse in infrastructure and the loss of quality of life to the population, as overcrowding worsens.

There are powerful voices that welcome continued heavy immigration. Big business benefits from the arrival of large numbers of people willing to work, since they drive down the cost of labour at the expense of the living standards of the indigenous workforce; and the wives of the better-off are able to get help in the home at a fraction of a living wage for local people, but then they and their families are not usually struggling to pay their mortgages and watching their children's education being destroyed in schools with dozens of languages.

Mr Ward: The hon. Gentleman has made two references to education and attainment in schools, about which I know something. There is no evidence that indigenous children for whom English is the first language suffer as a result of the presence of children with other first languages. The evidence to support that view is just not there.

Mr Brazier: I have just quoted the words of a former Labour Education Minister, and I will write to the hon. Gentleman if he would like me to find a study for him.

Mr Stewart Jackson: I am afraid that the hon. Member for Bradford East (Mr Ward) is incorrect. There is evidence to suggest that. The Minister acknowledged in a Westminster Hall debate earlier this year that children without English as their first language are 19% less likely to succeed in key stage 2 SATs. That is an important issue, particularly for primary schools.

Mr Brazier: I am most grateful to my hon. Friend. I shall not repeat the powerful point my right hon. Friend the Member for Mid Sussex made about students, but there is a very real issue to consider. At a time when the domestic take-up of degree courses is likely to shrink sharply, I suspect that the problem will grow more acute.

Middle-income and lower middle-income Britain is hurting: with long working hours, high levels of debt and rising prices in so many sectors, people struggle to meet their mortgages and rent payments and they see their standard of living eroded. There is a severe shortage of homes, and overcrowding in many schools, hospitals and prisons, too. We are trying to cope with the strains of a growing population. Infrastructure is also desperately overstretched in so many ways, with issues of flooding, water supplies, roads and land preservation looming.

We all recognise the huge contribution that moderate levels of immigration have made to this country in the past. I welcome the measures that Ministers and the Government have taken. I would argue, however, that the coalition has a long way to go on this issue. The heavy criticism from big business and elements from the left must not put them off. It is time to recognise that we must take much stronger action if we want to head off the most severe social consequences and a backlash orchestrated by some unattractive people in the extremes—not just from indigenous people, but increasingly from many concerned people in our settled ethnic minority communities.

8.19 pm

Mark Simmonds (Boston and Skegness) (Con): I recognise—as did the Minister—the significant historical benefits that immigration has brought to this country. However, I strongly agree with the direction of Government policy in this regard. I agree about the necessity to reduce the number of immigrants to tens of thousands by the end of the current Parliament, the necessity for migrants to be able to converse in the English language, and the necessity to clamp down on clear abuses, particularly those relating to student visas. I fear that yet more may need to be done if we are to get a grip on the issue, given that, as my right hon. Friend the Member for Mid Sussex (Nicholas Soames) rightly pointed out—or intimated—abuses are still happening in the system.

During the 18 months or so for which he has been in his post, the Minister has made a significant and positive contribution by trying to address major challenges following an almost complete abdication of responsibility in the years during which the Labour party did not even attempt to control immigration. The word "unlimited", used by the Minister, encapsulates those years very clearly and accurately. However, we need a sophisticated approach in order not to deter people who constitute highly skilled additions to our work force, particularly in research science. I am thinking especially of stem cell research, the pharmaceutical industry and other scientific technologies about which I know there is great concern. We also need a sophisticated, and detailed, approach if we are not to deter students who genuinely come to the United Kingdom to gain some of their education, especially those from the emerging economies of Brazil, Russia, India and China who may be our future trading partners—or future political leaders, or other significant figures in those economies. They are the people who will go home and have a positive impact on their own countries in relation to the UK.

Dr Whiteford: The Scottish universities, which are mostly research-led ancient institutions, are competing with Canadian and Australian universities—the best universities in the world—for the best students. They are concerned about the tone of the Government's new approach, fearing that it will deter students before they have even gone through the visa process.

Mark Simmonds: I understand the concern felt by the hon. Lady and the Scottish universities. I know that there is also concern about some of the main research universities in England, which I share. However, I do not agree with the hon. Lady about the Government's tone. I think that the tone of the Immigration Minister has been absolutely right: it has been considered, thoughtful, measured and calm. The Minister has tried to strike the important balance between ensuring that we control immigration and ensuring that the right people come to the UK.

[Mark Simmonds]

I want to make a slightly different contribution to the debate. Rather than talking about immigration in generic terms, I intend to talk—unashamedly and unapologetically—about my constituency, and about the impact that immigration has had on Boston. I do not mean immigration from outside the EU; I mean immigration within the EU and, in particular, from the A8 countries.

Let me explain to those who do not know the Lincolnshire town of Boston that its economy is focused primarily on agriculture, horticulture and the food-processing sectors, and on tangential businesses such as haulage. For some time migrant labour has been essential to the efficient working of the agricultural economy—not just in the fields but in the pack houses—and, increasingly, to that of the tourism industry on the east Lincolnshire coast.

My personal view is that those who have come from within the EU and are here legally and legitimately, paying taxes and making a contribution, should be welcomed into our communities, and that their contribution should be recognised. The shadow Minister, the hon. Member for Rhondda (Chris Bryant), was right to acknowledge that a mistake was made back in 2004 when this country did not adopt the derogation that was adopted by many other EU countries. That has, without question, exacerbated what was already a difficult problem. We must also ensure that migrants from within the EU who come here primarily to work are not exploited, and those who have been involved in stopping that exploitation—particularly the Gangmasters Licensing Authority—should be congratulated on their work. However, none of us must underestimate the pressures and strains on communities and those responsible for trying to deliver our public services.

When a country's needs are assessed, the fundamental tenet must be the population of a particular area. I have long argued that public sector funding formulas do not reflect the population of my community, and I know that my hon. Friend the Member for Peterborough (Mr Jackson) has advanced the same argument in relation to his constituency. That is just as true of Boston as it is of Peterborough. The problem has been exacerbated by the last Labour Government's manipulation of the formulae to enable them deliberately to transfer resources away from rural communities.

The House may be interested to know that in its recent report the Office for National Statistics acknowledges that the previous basis for calculating migration numbers—the labour force survey—was not good at capturing migration trends. The ONS uses a much more accurate assessment, even though I believe that it too is an underestimate. It includes calculations of national insurance numbers and flag 4, the patients' register. Those data take account of children and of people over 65, which the labour force survey did not. It also acknowledges that only 50% of the migrant population register with a GP, and that one third of migrants may be missed. In other words, it already acknowledges that the new statistics that it produced about a month ago were an underestimate.

It used to be very difficult to base the numbers on evidence, but at last the ONS is starting to get to grips with the process. Its report confirms that between 2005 and 2010, the figure for Boston's cumulative immigration was revised upwards to 218%, and that figure, which is the highest in the country, is not reflected in any funding formula. It is more than twice the percentage increase in the next local authority area, and that too is not reflected in any funding formula.

Boston is the only local authority outside London that has featured in the figures for the top 20 increases in immigration in each of the last five years. That is not reflected in any funding formula. Boston is second only to Newham in percentage terms when it comes to upward revisions of the 2010 mid-year population estimates. That is not reflected in any of the public sector funding formulae. The published projected population increase in the borough of Boston was 0.4% but, according to the latest ONS report, the actual figure is 8.7%. As I have said, I believe that that is an underestimate. None of that is reflected in the funding formulae. That raises serious questions about the capacity of infrastructure to cope and the efficient provision of public services.

There is a significant mismatch between the population and the funding that is supposed to cope, which leads to stress and tension in communities. I wish to give the House three specific examples of the impact, the first of which relates to the Lincolnshire police authority. Some in this House with long memories will recall the riots that took place in Boston in 2004, which were partially but not solely driven by migration issues and pressures. In November this year, a proposal was made for an anti-immigration march in Boston, to be organised by those with local concerns about the scale of migration. I must put on the record the fact that the organisers reflected responsibly on this when they heard that the anti-fascist league was going to march at the same time and that their march was sucking in extreme and far-right individuals who would not have been welcome in Boston.

Complex policing issues and additional costs are not reflected in the funding formula: community tensions; significant crime and disorder issues, although it must be said that the vast majority of crime in Boston and Lincolnshire is still committed by UK citizens; additional costs for interpreter services—6,500 hours' worth in Lincolnshire in the 2010-11 financial year; and significant road policing issues, such as a lack of insurance and people not understanding our drink-driving laws. That is all in the context of Lincolnshire having the lowest number of police officers per head in the country and the lowest funding of any police force.

The second area that I wish to discuss is the health service. The proportion of births to non-UK mothers has more than doubled in Boston since 2001. That trend suggests that an increasing number of migrants are not transient and are choosing to settle in Boston and in Lincolnshire with their families. In 2001, 5% of babies in Boston were born to non-UK mothers, whereas the figure is now 35%—significantly above the national average—and 81% of those are from EU accession countries. That trend is accelerating, not decelerating. Last year, the borough of Boston had its largest number of national insurance registrations—nearly 2,500—with Lithuania and Latvia topping the nationality poll.

That creates pressures: migrant populations finding it difficult to access health services and mental health services, with all the subsequent, associated challenges; enormous strain on the sexual and reproductive health services; greater pressure on community services; language barriers; major causes of morbidity and mortality, which are especially driven by lifestyle choices; and severe pressure of local health service utilisation, especially at

general practitioner surgeries and at accident and emergency attendances when migrant populations do not know how to access primary care.

The third and final example that I wish to give the House relates to the pressures on Boston borough council, which estimates that at least 10,000 more migrants are living in the borough than the official statistics state—*The Times* guide to the House of Commons estimates that there are 17,500 more. Considerable issues arise as a result, some of which relate to licensing, because operators from central and eastern Europe are now opening their own shops. They are of course welcome and perfectly entitled to do that, but they must operate within the law and they do not necessarily understand the law relating to the sale of alcohol. Several stores have had to be closed, and hon. Members will remember the tragedy that took place just before the summer recess when five migrants were killed in my constituency when an illegal still exploded. Other issues that have to be addressed relate to unlicensed taxis; environmental health—those issues are too numerous to mention, but they include the safety, origin, preparation and storage of food; a significant increase in noise complaints; antisocial behaviour; and illegal campers—single male foreign nationals of no fixed abode.

One of the real problems we have in Boston relates to the very good point that my hon. Friend the Member for Canterbury (Mr Brazier) made about housing. The houses in multiple occupation are a significant problem, particularly in the small streets with terraced housing that occupy the centre of the historic town in Boston. The council is hopelessly insufficiently resourced to deal with it and with the associated car parking and van parking problems.

Other hon. Members have dealt with the issue of primary education, so I have not even mentioned it. However, there are two or three primary schools in the centre of Boston where 50% of the pupils have English as a second language, and that causes intense educational issues. To be fair, the schools have had some support from Lincolnshire county council, but they require more.

In conclusion, Ministers must focus both on reducing net migration and on providing resources and support to communities with large EU-migrant populations—that is not regularly discussed. Ministers must adjust public sector funding formulae, insisting on accurate and fair funding that reflects the populations that are actually in a geographical area. I sometimes hear the argument that it is too complex to open the funding formulae up again. I do not accept that argument and the ONS report makes it very clear in which areas populations have dropped. We need to acknowledge that there must be a balance between populations and funding formulae and in the borough of Boston the imbalance is acute because there are insufficient resources to deal with the much-needed economic migration to drive economic growth in rural Lincolnshire.

8.35 pm

Tom Brake (Carshalton and Wallington) (LD): It is a pleasure to follow the hon. Member for Boston and Skegness (Mark Simmonds). He was perfectly right to draw attention to the time lag and the failure of funding formulae to adjust to cope with a different local demographic locally—a point that both our parties used to raise in opposition, and rightly so.

I do not want to prolong the debate about schools—the hon. Member for Canterbury (Mr Brazier) has just left the Chamber—but I benefited from an education in a French state school, where half the pupils spoke a foreign language, so I think that it is not the number of children with a mother tongue, per se, but the level of investment that is relevant.

I welcome today's debate. The Liberal Democrats have not been scared of debating immigration. In the past, that has perhaps worked to our disadvantage and it might have been advantageous had we not debated the matter quite so openly. A number of Members highlighted the fact that the mainstream parties' failure to be willing to debate such matters created a vacuum that others occupied. We are collectively reclaiming that ground and enabling measured debates to take place.

I shall not criticise Labour Members as I know that there are many demands on their time, but I am a little surprised by the rather sparse attendance on the Opposition Benches for this critical debate.

Chris Bryant: We went for quality.

Tom Brake: The Front-Bench spokesman makes a point about quality, but quality can also come from Back Benchers in some circumstances.

Chris Bryant: You only have two.

Tom Brake: I am not going to prolong the debate that I am having with the hon. Gentleman from his sedentary position—he can calculate the percentages in respect of the parties represented here tonight.

I welcome the fact that almost the Minister's first words pointed out the benefits that immigrants bring to this country, as in a measured debate the benefits and disbenefits of immigration are discussed. I welcome the action the coalition Government have taken to close down some of the illegal routes used to get into the UK jobs market, especially the action taken to speed up the asylum process. It works to everybody's advantage, including asylum seekers here, if that process deals with cases rapidly rather than allowing things to drag on for years. At the risk of offending my coalition partners, I must point out that that issue was not particularly linked to the previous Labour Government and that, historically, there have been issues with addressing asylum claims swiftly. Soon after I was elected in 1997—other Members who were elected at that time will remember this—I found that I was hearing about cases that had been under review for a number of years. I am pleased that we are now on top of that process.

I do not want to make general points about immigration, but I have a couple of specific points. Appropriately, the Minister mentioned the Lille issue and the attempts to enter the UK without the appropriate documentation. I hope that the Government have looked at whether other routes are being used in that way and whether, as new transport links are set up, other routes might suffer from that problem. I hope that we are addressing that issue.

The Minister pointed out that the coalition Government have dealt significantly with a blot on Labour's record—the number of children being detained. We have largely addressed the detention of children pre-departure, but there might still be an issue with reducing the number of

[Tom Brake]

children detained on entry to the UK and the length of time for which they are detained. Some organisations have suggested that there should be no detention of children on entry, but that would mean operating an open border policy, which the Government, rightly, are not doing. If that policy were adopted, it might lead to children being trafficked here by people who were not their parents. The Government should aim to minimise the number of children detained on arrival in the UK who have to be returned.

The biggest challenge for the Government is, perhaps, that of overstayers and people who are already here illegally. The Minister has set out a number of measures that the Government are taking in that respect. There is still a major issue regarding the number of employers being prosecuted. As long as employers are willing to employ people illegally, that will act as a magnet, so any other activities that the Government can undertake in that area would be very welcome.

The hon. Member for Boston and Skegness said that we need a flexible system of immigration to ensure that we have the skills we need coming into the UK. The Minister might be aware of some recent research by the London chamber of commerce and industry, which found that nearly a quarter of the companies that responded to the survey had looked outside the EU for staff because they believed that employing a non-EU migrant would help them to grow into markets beyond the EU. It will be to the advantage of the UK and our export-led recovery if, on occasion, we allow people with appropriate skills from non-EU countries to enter the UK jobs market.

The Government are looking at safeguards for overseas domestic workers. Members might be aware that it is often very difficult for domestic workers who are brought here and, in different ways, abused by an employer to get out of what sometimes amounts to unpaid servitude. I welcome the fact that the Government are looking at this, and I hope that we will be given some information tonight or later about the safeguards that the Government are looking at introducing for overseas domestic workers who experience abuse from their employer.

Chris Bryant: There are two suggestions on the table: that the visa should be completely abolished, and that an employee would be tied to the employer who brought them in and would not be able to change employer. Surely the second of those suggestions would make it more likely that people would be caught in servitude.

Tom Brake: I thank the hon. Gentleman for his pertinent intervention. The Government need to explain what safeguards will be in place for a worker who comes here, is linked to one employer and has no alternative but to work for them.

We need an immigration system that is flexible, fair and secure, and the coalition Government are moving swiftly in that direction. Our ability to sell to the wider population the benefits of immigration that is helpful to the UK depends on the coalition Government being able to demonstrate that we, and not the people traffickers, are deciding who comes to the United Kingdom.

8.45 pm

Mr Stewart Jackson (Peterborough) (Con): It is a pleasure to follow the right hon. Member for Carshalton and Wallington (Tom Brake). Much of the discussion in the debate tonight is based on anecdote. One of the problems is that we have not had an opportunity recently to look at fact-based evidence. We can all unite around the idea that if we do not debate these issues in a moderate and mainstream way, the extremists will polarise people and drive wedges between our communities. They would like nothing better than to propagate violence, hatred and dislike among communities of different ethnic groups, religions, creeds and so on.

Not since the House of Lords Select Committee on Economic Affairs undertook a proper analysis in 2008 has there been such a study enabling us to identify the costs and benefits of large-scale immigration. It would be remiss of those on the Government Benches not to mention the lamentable policy of the previous Government. I hope the shadow Minister or his hon. Friend the Member for Kingston upon Hull North (Diana Johnson) will come to the Dispatch Box to ask the philosophical question that will inform Labour's view, if it is developing policy to be a future Government—whether it believes that immigration is too high or not. That is a question that voters are entitled to ask and to which they are entitled to receive an answer.

I pay tribute to the work of the cross-party group on balanced migration and the work of my right hon. Friend the Member for Mid Sussex (Nicholas Soames) and the right hon. Member for Birkenhead (Mr Field), who have done a great job, ably supported by Migrationwatch. For nine years Migrationwatch has ploughed a lonely furrow, having been traduced as racist and as having some kind of hidden agenda to propagate community discord. Nevertheless, it has concentrated on the facts and more often than not been right in raising the tenor of the debate and allowing mainstream politicians to debate in a meaningful way based on facts.

The facts have not been good for the previous Government. It has fallen to the present Government to clear up the mess and the legacy of uncontrolled, unrestricted immigration. As my right hon. Friend the Home Secretary has said, 2.2 million people net entered the country between 1997 and 2009. We have not yet had a proper analysis of that, although in fairness the right hon. Member for Morley and Outwood (Ed Balls) was honest enough to say after the general election, about the immigration from eastern Europe, that

> "there has also been a direct impact on the wages, terms and conditions of too many people . . . in communities ill-prepared to deal with the reality of globalisation, including the one I represent. . . As Labour seeks to rebuild trust with the British people, it is important we are honest about what we got wrong."

If I was a cynic, I would say that is because the Opposition lost the election, but people now look to them to put flesh on the bones and to develop the mea culpa of the right hon. Member for Morley and Outwood.

Chris Bryant: Having heard many confessions in my time, I am not going to give a lengthy mea culpa. We have already said that immigration was too high, which was in part because we got the element resulting from countries joining the European Union wrong and did not introduce a points-based system soon enough. In

answer to the hon. Gentleman's question, yes of course we think that immigration has been too high and that it should be lower.

Mr Jackson: I am grateful to the hon. Gentleman for that, but there is a more insidious element to Labour's proposals and its record in office, which was articulated by Mr Andrew Neather, a speech writer for Tony Blair, who was famously quoted as saying that the idea was to rub the right's nose in mass immigration in order to make a political point. It was a systematic policy of mass migration pursued by the previous two Prime Ministers and the Labour Administration.

Chris Bryant *rose—*

Mr Jackson: I will make some further progress.

The House of Lords Economic Affairs Committee found in its report on immigration, the most comprehensive such report brought before Parliament in the past 10 years, that

"we have found no evidence for the argument... that net immigration... generates significant economic benefits for the existing UK population... The overall fiscal impact of immigration is likely to be small".

That might be true, but we do not know because there has not been a sufficiently robust analysis, which would be interesting, by either the Government or other academic bodies. What is certainly not in doubt is the public support we have for pursuing a robust, fair and transparent immigration policy. Last month YouGov polled the British public and found that, on a proposal to restrict net migration to 40,000 a year, which would prevent this country's population growing to 70 million by 2027, 69% supported the idea and only 12% opposed it.

I support the range of policies pursued by the Minister, who has been open and collaborative on the concerns that hon. Members have in their constituencies, for example on student visas, family migration, income thresholds, language proficiency, temporary workers and promoted integration. However, I wish to speak in a similar vein to the comments of my hon. Friend the Member for Boston and Skegness (Mark Simmonds), who in a measured, well-argued and intellectually coherent contribution identified the issues we have in Peterborough, although I will not reiterate his points exactly.

Let me tell hon. Members a little about education. I secured a debate in Westminster Hall, to which the Minister of State, Department for Education, my hon. Friend the Member for Bognor Regis and Littlehampton (Mr Gibb) replied, in which I proposed incorporating the number of pupils for whom English is an additional language as a key factor in the pupil premium. In those areas where there are pressures specifically as a result of eastern European migration—there are probably fewer than two dozen such areas—the need for extra resources as a result of language difficulties should be factored in. For example, in the academic year 2010, of the 528 pupils at Beeches primary school in the central ward of Peterborough, only six spoke English as their first language. There are many such schools in Peterborough, although not necessarily at that level, but close to it. That will inevitably have a massive impact on educational attainment simply because the resources needed to bring all those children up to the appropriate standard will be significant.

Another concern relating to education that we must not forget is churn. Many of the low-wage and low-skilled people who work in horticulture, agriculture and food processing and packaging in Boston and Peterborough come here for short periods, which disrupts their children's education. For instance, overall in Peterborough, 4,767 pupils—31%—did not have English as their first language. Of 2,103 pupils with key stage 2 results, 21% were not in the city at the beginning of their school year, and 22%, or 450 pupils, were in the foundation stage but were not put in for key stage 2 SATs. That one simple example is important in terms of the training, expertise, skills and knowledge of the teachers required to teach those children.

I shall draw the Minister's attention to some specific issues. On the A2 accession of Bulgaria and Romania and, particularly, the moratorium on the free movement of labour, it would not be appropriate to change in 2013 our policy on that restriction. It is an extremely important issue, because the potential mass migration of large numbers of low-wage and low-skilled people from Romania and Bulgaria would have a significantly negative effect on the UK labour market in 2013, and I welcome the preliminary findings of the Migration Advisory Committee in making that clear to Ministers. Serious consideration should be given to derogation for a further period—perhaps to 2015 or 2017.

On the interrelationship between the Home Office and the Department for Work and Pensions, we must clarify the issue of the right to reside and the habitual residence test, particularly the operation of the Immigration (European Economic Area) Regulations 2006. The House of Lords Merits of Statutory Instruments Committee, in its 26th report, found that the DWP had done insufficient work in looking at the impact and ramifications of the end of the workers registration scheme, and that is important in terms of people's access to benefits such as jobseeker's allowance, pension credit and child tax credit.

I am concerned, too, about the European Commission infringement proceedings and its reasoned opinion, which essentially breaks the social contract, established over many years in this country, that one does not receive benefits unless one has a demonstrable link to this country and has paid taxes to this country. I draw the House's attention in particular to the case of Mrs Patmalniece, a Latvian woman who claimed pension credit, having never worked a single day in this country. That cannot be right for my constituents or for the constituents of any hon. Member.

I am concerned also about criminal records data in the European Union, because in respect of sharing such data we are not properly using regulation 19(1B), which came into effect in June 2009 as an amendment to the 2006 regulations. If we are using it, we are doing so reactively. It is not right that someone with a criminal record can get on a coach in Lithuania and turn up in Boston, Peterborough or any other urban or rural centre in the United Kingdom.

Mark Simmonds: My hon. Friend is, as always, making a well informed and articulate contribution. Is he aware of the recent case in my constituency, where a Lithuanian gentleman, who had been convicted in Lithuania of an axe murder, turned up in Boston and killed a lady, and that it was not until he was convicted in a British court that the information came out? My hon. Friend is

[Mark Simmonds]

making the pertinent point that we should put in place structures to stop people with such convictions entering the UK in the first place.

Mr Jackson: I thank my hon. Friend for that helpful intervention.

I know the Minister will tell us that the Schengen information system, SIS II, is coming down the line, and that we will be able to share criminal records data across all 27 nations of the European Union, but that will not happen until 2015. We have the power at the moment under regulation 19(1B) to exclude people in respect of public policy, public security and public health, and we should look again at being much more pro-active in that respect.

Non-European Union immigration is a massively important issue on which we made a bond of trust in our manifesto at the election. It was the No. 1 issue on the doorstep in my constituency. Let us not forget the important impact of eastern European immigration on local authorities, health authorities, primary care trusts and police services across the country. The Government are doing a good job and going in the right direction. We need a policy towards immigration that is based on fairness to individuals and to the taxpayer, and we need transparency. Above all else, we need to clear up the appalling legacy left to us by the previous Government.

9 pm

Christopher Pincher (Tamworth) (Con): I must admit that I was planning not to take part in this debate because very little has been said with which I disagree, but I decided not to let that stop me, so I shall continue and make some generic points as briefly as I can. It is unfortunate and ironic that so few Members are present for this important debate, which is of concern to many of our constituents, but I put that down to what one might call statement fatigue. I trust that it in no way reflects on the stellar cast of speakers on both Front Benches from whom we have heard and will hear during the course of the evening.

We all know that this is a very important debate. When we speak to our constituents on the doorstep or on the phone, or meet them in our surgeries, we know that they are concerned about immigration. I recently ran a survey in my constituency, and I would say that about seven in 10 people mentioned immigration as one of their top five concerns. It is an issue that our constituents talk about, but for a very long time we in this place have not talked about it. I pay tribute to my right hon. Friend the Member for Mid Sussex (Nicholas Soames), to the right hon. Member for Birkenhead (Mr Field), and to organisations such as Migrationwatch UK for wresting this issue from the arms of extreme, unsavoury voices and bringing it back into the mainstream, where it should properly be debated. I hope that we shall continue, year after year, to debate it in this Chamber in order to represent the very real concerns of our constituents.

There is no doubt in my mind that immigration has enriched our country culturally and intellectually. People have come here and founded businesses, employed people, and created empires. They have helped us to become the country that we are; we are a nation of immigrants. However, we have, over a number of years, allowed the notion—the myth—to grow up that there is some unalloyed benefit in allowing uncontrolled immigration to our country.

The hidden economic costs of uncontrolled immigration are becoming clear. We are told that cheap labour is a good thing—and of course immigrants are cheap. They do the jobs that nobody else wants to do, they take a wage that nobody else wants to take, and they keep costs down. However, although uncontrolled immigration may put a cap on wage inflation, it also puts a cap on productivity. Businesses that can benefit from cheap workers have no incentive to be more productive. In the long term, that is not a sensible economic model. I hope that the Government will take further action to crack down on businesses that use illegal immigrants—to find them and to make sure that those illegal immigrants are deported in order to send a message that there is no future and no profit in this sort of thing.

My right hon. Friend the Member for Mid Sussex (Nicholas Soames) recognised the phenomenon that is created by the large volume of cheap labour in his constituency. It creates resentment among hard-working workers and jobseekers who cannot get a job or the wage that they would like because of the volume of immigrants. Polly Toynbee, hardly an acolyte of the right, has also complained about that phenomenon. The House of Lords, hardly a home of the left, has recognised that large-scale immigration can have an impact, particularly on youth unemployment. A quotation in its 2008 report states:

> "Given the age and skill profile of many of the new immigrants, it is possible that 'native' youngsters may have been losing out in the battle for entry-level jobs."

That is of real concern to us. It is certainly of real concern to people who are looking for work.

The House of Lords has also pointed out that there is an issue with our infrastructure. As my hon. Friend the Member for Canterbury (Mr Brazier) said, housing and transport are put under greater strain by uncontrolled immigration. It is no coincidence that in the years after 2002, which saw the greatest increase in immigration, there was a 60% increase in the number of people waiting on social housing lists. Immigrants who have been here for a period of time are 30% more likely to be living in social housing than those born in the UK. That creates resentment and fuels a feeling of futility. Many people see the 3 million jobs created between 1997 and 2010 by the previous Government as a success, but 75% of those jobs were taken by immigrants. What message does that send to young people in this country?

People are angry. They are angry that the previous Government did not seem to listen to their concerns and they are worried that the present Government may also ignore their concerns. I hope that in his remarks, the Minister will put front and centre the importance of telling people what the Government are doing to deal with uncontrolled immigration, such as the cap on the number of skilled workers coming into the country; the zero cap on unskilled workers coming into the country; and the desire for, and insistence on, language skills among spouses so that they can integrate and contribute to society. Those are important messages that the Government need to recapitulate time and again, so that the constituents who talk to us about this issue understand that the Government are doing something about it.

Tom Brake: Does my hon. Friend agree that the expansion in apprenticeships is a concrete example of the Government doing something about the issue by giving people here the skills that they need to get the jobs that are available?

Christopher Pincher: My right hon. Friend makes a pertinent point. He pre-empts what I am going to say next.

We have talked in this debate about the importance of controlling the supply side of immigration by stopping people who wish to come to this country from doing so. It is also important to deal with the demand side of the equation. Our welfare system—that is rather a neat and organised way of describing the mess that we inherited—costs us £194 billion a year. It pays hundreds of thousands of people not to work and keeps them trapped in dependency and on welfare because it is not worth their while working. Is it any wonder, therefore, that employers need to plug the labour gap by importing people to take the jobs that people on welfare cannot or will not take? It is economic madness to pay people not to work while importing labour and placing a strain on our infrastructure in so doing.

My right hon. Friend is absolutely right to say that we need measures such as apprenticeships to get our indigenous young people into work, and we also need to ensure that the welfare system, the Work programme and universal credit get young people and those who are long-term unemployed into work. That will choke off demand from employers for imported labour. The checks at our ports and airports and the other rules that the Minister for Immigration has put in place will also choke off the supply side of uncontrolled immigration.

I believe that the Government have got the balance right. The message that the Prime Minister gave during the general election campaign, when he said that he wanted to deal with immigration so that it was no longer an issue for the British people, showed sound judgment. I look forward to hearing what the Under-Secretary of State, my hon. Friend the Member for Old Bexley and Sidcup (James Brokenshire), has to say, and I hope that he will say it in such terms as to give the British people confidence that the Government are going to take control of the issue so that it does not lie dormant, untouched and taboo, as it did for so many years.

9.10 pm

Gavin Barwell (Croydon Central) (Con): I welcome the Government's making time for a debate on this subject. It is a sensitive issue but, as the Minister for Immigration said in his introductory remarks, it is one of major public concern, and if the main political parties do not address it, we leave space for extremists to flourish.

Concern about the issue has risen up the political agenda during my political lifetime, and one has only to look at the Library paper on migration statistics to see why. Almost as soon as the previous Labour Government came to office, there was a significant increase in the level of immigration. The hon. Member for Rhondda (Chris Bryant) sighs wearily, but one has only to look at the chart in the Library brief to see that effect. Over the course of the Labour Government's time in office, immigration into this country doubled.

Chris Bryant *rose—*

Gavin Barwell: I would give way to the hon. Gentleman, but a number of other Members wish to speak, so I am going to restrict my remarks to seven or eight minutes.

Also under the Labour Government, net migration increased fivefold to 250,000 by 2010. That gave rise to two major concerns. The first was about population growth and pressure on services, and Members have spoken a lot about that in the debate. This morning I visited a project called the Well in my constituency. It is run by the Salvation Army, but a number of different public agencies are involved in it. It deals with people who are either sleeping rough, sofa-surfing or have profound housing difficulties. They often have mental health, alcohol or drug problems as well. It was interesting to see both at that project and at the Nightwatch scheme in Croydon, which provides food parcels to people who are in profound housing difficulties, that there were a significant number of people from eastern Europe in need of those services. They came to the UK looking for a better economic future but have not found it, but they are unable or unwilling to return.

Immigration has given rise to a second concern, which has not really been referred to in the debate because it is not part of the polite political discourse. If we are honest, there are people in this country who feel that their local community has changed demographically during the course of their lifetime and is not the place that it used to be. That is not my view of my local community, but when I canvassed door to door in the run-up to the election, I found that there were people who felt like that and we need to recognise that.

Both those effects are increased by the fact that the impact of migration in our country is particularly pronounced in certain parts of the country. About 12% of the UK population as a whole were born abroad, but in Greater London that figure rises to about 36%, and in some London boroughs it is even higher than that.

That concern about migration led to one particularly damaging effect in some of our communities. When the Conservative Government left office in 1997 there was not a single British National party councillor in this country but, as a result of the huge increase in migration, a number of extremists were elected to public office. Thankfully, the number is now declining again.

Before I touch on a couple of further measures that I should like the Government to take, I wish to set out my views, because it is important for a Conservative representing a demographically highly mixed part of London to recognise that in the past the Conservative party has been perceived, to some degree rightly, as unwelcoming to people from overseas who have tried to settle in this country.

My view is very much that immigration is a good and necessary thing. If we examine our population, we see that the baby boomer generation is ageing and that if we do not bring in some people of working age, we will have fewer working people supporting more pensioners. If we believe in the UK as a global trader, we clearly need to have links with countries around the world and people need to be able to come here and set up businesses. I sit on the Select Committee on Science and Technology and am very passionate about our best universities

[Gavin Barwell]

having the ability to attract the best and brightest talent from around the world. I also see in my home town the vibrancy that migration can bring.

It is possible, however, to have too much of a good thing, which is what I contend we have had. Government policy needs to pass seven tests, the first of which is tone. It is so important that we do not demonise migrants. They are doing what any Member of the House would do in the equivalent situation.

Gavin Shuker (Luton South) (Lab/Co-op): The hon. Gentleman is extremely progressive and moderate on such issues, but did the Conservative party general election pledge pass the tonal test that he speaks about?

Gavin Barwell: I believe that my hon. Friend the Immigration Minister, who is not in the Chamber, absolutely passes that test. Under the previous Government, policy was loose, but sometimes rhetoric was extremely tough, whereas the Minister is toughening up policy while passing that tonal test.

Migrants are doing what any hon. Member would do—they are seeking a better life for them and their families—and we must not demonise them as individuals as we seek to address immigration.

Numbers are part of the issue. The House has already touched on the balance between net and global figures, so I will not. However, it is a question not just of how many, but of whom. I want to talk about the best and brightest academics from around the world, because the Government have introduced a new special tier 1, whereby 1,000 such people are allowed in each year. It seems bizarre to me that there is no limit on the number of professional footballers who have reached a certain standard who can come into the country, but we apply a limit of 1,000 a year to the best and brightest scientists. None of my constituents who are concerned about migration object to people of ability, who will create wealth for the country, coming here.

The Minister spoke persuasively in his opening speech about removing either people who are here illegally or people against whom a decision has been taken. One thing I would like the Government to do is investigate how we can use our aid budget to help in that regard. I am a great believer in what the Government are doing on overseas aid, but there is a lot of popular concern about it in this period of austerity. One thing we could do is say to countries that one condition of the aid package we provide is having an agreement with the UK to accept back foreign citizens who have committed crimes in this country.

In the last minute that is available to me, I want to touch briefly on two issues. First, on integration, other hon. Members have spoken passionately about the importance of people learning English, but immigration is a two-way street. The main obligation is on the immigrant to fit in with British society when they arrive, but we as a society need to ensure that we are welcoming to people who come into our midst. Britain has a proud record in that regard, but research shows the barriers that many immigrants still face. The National Centre for Social Research has found that people who have an African or Asian-sounding surname need to send about twice as many job applications as people with a traditional English name.

Secondly and finally, many UKBA staff live in my constituency. In a period of austerity, they are doing the very best they can to maintain and improve the service they provide, both in retaining control of our borders and in ensuring that decisions on migration are made quickly and fairly. I want to pay tribute to the work that UKBA staff are doing within a tough environment within the agency, which is a result of the failures of the previous Government and the banking crisis that were not their fault.

I am sorry that I cannot elaborate any further on some of the issues that I wanted to mention, but I want to allow other hon. Members the time to speak.

9.18 pm

Jackie Doyle-Price (Thurrock) (Con): It is a pleasure to address this very mature debate on what can be an emotive subject. Because of its emotiveness, there has been some reticence on the part of mainstream politicians to address it in any substantial way, which has led to a belief among some of our constituents that we are out of touch with their concerns. As many hon. Members have said, that has left the agenda open to those with more sinister motives. I am grateful, therefore, to have the opportunity to address the subject.

I am proud that we in this country have given a safe haven to those fleeing persecution, that we are seen as a beacon of freedom and opportunity and that so many people wish to pursue their lives here, but for too long, our borders have been too open. We have allowed levels of migration beyond what our society can manage, as my right hon. Friend the Member for Mid Sussex (Nicholas Soames) so eloquently expressed. That brings a risk to the liberal values that Britons take for granted. I would also like to make it clear that in my experience this is not an issue that divides communities on the basis of race, unless the people addressing it approach it with racist values. Some of the biggest critics of the way in which migration has been handled are our established ethnic minority communities who are fully integrated into society. The problems associated with immigration relate to volume and criminality, not race. With that in mind,
I want to focus my comments on illegal immigration.

The Government have taken welcome steps to limit legal migration, but the tools that they have employed will not have a significant impact on those who are happy to break the law to enter our country. The Government need to do more to improve enforcement and they need to examine whether any aspect of our law needs to change to enable this. In particular, I wish to highlight the weaknesses in the Human Rights Act 1998 which are impeding the ability of the UK Border Agency and the Government to enforce rules effectively against those who have overstayed and should be removed.

One example is the right to a family life, which appears to be fuelling the idea that all people need to do is have a baby and their application will have to be approved. I have lost count of the number of cases of that that I have seen in my surgeries. I have also had examples of people finding fiancées or manufacturing relationships. In particular, because of the right to free movement, those relationships do not need to be with

British citizens, but with people from anywhere across the EU. One gentleman who came to see me was applying for leave to remain because he was engaged to be married to his fiancée who was from Latvia. Only a matter of weeks after receiving leave to remain he came to see me to say that they had separated and, although they had not actually married, she had taken out several loans using his surname and he was being pursued for the debts. I am sorry to say that I did not have much sympathy for him.

I am pleased that the Government have taken action to tackle sham marriages, and I pay particular tribute to Father Tim Codling of St John's church in Tilbury, who suddenly realised that he was officiating at a lot of weddings between eastern Europeans and Africans, who were often wearing ill-fitting wedding outfits. He alerted the UKBA which unearthed a major sham wedding scam, which led to severe prison sentences for the main perpetrators—all very welcome.

Of the 200-plus immigration cases I have handled, approximately half of them involved people who had broken the immigration rules in some way and ended up staying here illegally for a prolonged period. That issue has to be tackled as a matter of urgency. I appreciate that it is very difficult. Often these people assume numerous identities and put in multiple claims, all of which slows down the UKBA's attempt to catch up with them. More often than not, the authorities cannot catch up with them, with the result that we cannot begin to quantify with any accuracy the number of people who are here who should not be.

When such people come to see me, I ask how they are supporting themselves given that they are not legally allowed to work because of their immigration status. They say that they are supported by their friends and family. I think it is a fair assumption that they are working illegally, and we need to take more action to tackle some of those abuses.

My hon. Friend the Minister referred to the recent case of a bogus asylum seeker who had managed to claim up to £400,000 of benefits by making illegal claims for disability allowances. It is a case that demonstrates not only the social evil of benefit tourism, which is ripping off the British taxpayer, but the way that people intent on coming to this country illegally will exploit the asylum system and our good will in wishing to provide a safe haven for those escaping persecution. The more desperate effect is that such behaviour also undermines public sympathy for these people. We need a way to appraise asylum claims more quickly.

Those are clear failings on the part of the UKBA, but it is simply overwhelmed by the size of the task in the face of these abuses. I have talked about the policy changes needed to curb immigration, and I encourage the Minister to look at how the law can be strengthened so that when criminality is identified it is dealt with promptly and effectively, and we can tackle the problem of illegal immigration.

9.24 pm

James Morris (Halesowen and Rowley Regis) (Con): It is fair to say that immigration is a source of frustration for many of my constituents. Despite any number of Government initiatives over the past few years, the number of people entering the country continues to be much higher than it was 20 years ago. At a time when economic conditions are causing great difficulties, families do not understand why so many people can come from overseas to compete for the finite number of available jobs.

At a time when people in the public services are having to bear their share of the savings that are needed to tackle the spiralling deficit created by the previous Government, they do not see how this is helped by allowing large numbers of additional people to move into concentrated areas. When they try to express their legitimate concerns, they are too often viewed as racist. However, it is not racist to talk about immigration. In most cases, the concerns are based not on race but on numbers.

Many of my constituents who contact me about immigration policy are from ethnic minorities. They desperately want an immigration system in which the public as a whole can have confidence, because that is a prerequisite for effective and sustainable community cohesion.

My constituents want a legitimate debate about the numbers of people coming into the country and about restricting the number of visas. Halesowen and Rowley Regis is fortunate to have a strong local community that is made up of people of different backgrounds, races and faiths who work well together and alongside each other. When local people do not feel able to voice legitimate concerns over immigration policy and do not believe that mainstream political parties are reflecting those concerns, we have seen first hand how that creates a vacuum, which those who seek to divide our society are all too eager to fill.

Earlier this year, the Ahmadiyya Muslim community's book stall in Cradley Heath was attacked by thugs from the English Defence League. I have worked closely with the community and know how much good work it does to promote cohesion across the area through its outreach programmes and community work. It does not differentiate people of different faiths or different backgrounds. Its efforts to raise money for Russells Hall hospital and its work to sell poppies for the Royal British Legion benefit the whole community.

The EDL's attack was based on ignorance and fear. Although we should never base our response on its agenda, it is important that we look at some of the factors that allow extremist groups to gain support. The Government's actions to limit the number of economic migrants coming into the country from outside the EU are an important start. It will take some time before the effect of this ceiling feeds into official figures, but an appropriate limit that is properly enforced is essential if we are to restore faith in a system that has run out of control.

However, we must also recognise that any quota is in addition to the large number of people coming to work in Britain from within the European Union. The free movement of workers is a key part of the European single market and one of the most important benefits that we gain from our membership of the European Union. The ability of workers to move from one member state to another benefits not only the workers concerned but many businesses that are able to transfer highly skilled workers between offices in different countries.

Issues clearly arise when large numbers of workers from less wealthy member states wish to move to other countries where wages and benefit payments are much

[James Morris]

higher. The previous Government's decision not to implement transitional agreements to restrict the number of workers entering Britain from the new EU member states in 2004 was little short of a disaster. Only Britain, Ireland and Sweden chose to allow, from day one, an unrestricted right to work, and as a result Britain attracted far higher migration from those new member states than would otherwise have been the case. That seriously undermined public confidence in the immigration system, and that problem remains. Last week, Croatia signed its accession agreement to join the EU in 2013. It is essential that we do not repeat the mistakes of the previous Government.

A third area that must be addressed if we are to build confidence in the system is bureaucracy, because few things are more guaranteed to destroy that public confidence than cases in which people with no right to stay in this country cannot be removed. Most of us will be aware of cases in or near our own constituencies where red tape has prevented the rules from being properly enforced, and the Minister will be aware of a recent one involving a patient at Russells Hall hospital in Dudley just outside my constituency. The patient was a Pakistani national whose visa had expired four years before. The hospital declared him fit enough to be discharged in August last year, but he remained at the hospital until this autumn because of difficulties in arranging a medical escort to accompany him home and problems in finding suitable nursing care in Pakistan. The 14 months that he spent at the hospital cost the NHS about £100,000. We must make it easier to remove people who have no right to remain in Britain more quickly and effectively.

We must never forget the important contribution that migrants have made to our society, economy and culture over many centuries, and we can take pride in our history of welcoming people from around the world and, on the whole, in Britain's record of creating strong and diverse communities, but the Government are right to recognise that sustainable community cohesion within an integrated society is possible only if people have faith that the immigration system is not a floodgate. My constituents look to the Government to build on their positive actions so far and to deliver on our promise to bring immigration levels back under control.

9.32 pm

Mr Andrew Turner (Isle of Wight) (Con): It is a great pleasure to follow my hon. Friend the Minister and my hon. Friends the Members for Peterborough (Mr Jackson) and for Boston and Skegness (Mark Simmonds), who made brilliant contributions.

Migration is a contentious issue that until recently no one really dared discuss. The noble Lord Howard of Lympne brought it to the fore when he was the Conservative party leader, but it was not for another five years until both main parties recognised it as a problem to be addressed. The Conservatives have led the way on the issue since the last general election.

The facts are well documented but it does good to repeat them: the most recent figures show that in the year ending September 2011, 540,000 people entered Britain with the intention of staying for longer than six months, of whom 186,000 came from the Commonwealth, both old and new, and 200,000 from the rest of the world excluding the EU. That leaves 150,000 from the European Union. All they get is a simple passport check. Then they are entitled to come into the country, live in a house or flat, find employment and, crucially, apply for benefits—all because they came from a member state of the European Union, not from the rest of the world.

When in opposition, the Government specifically pledged to bring immigration from non-EU countries down to the tens of thousands before the next election. I applaud that sentiment, but I would like them to go further. I believe the time has come to conduct a wholesale re-evaluation of all our benefits policies. Within that, I would specifically end the agreement with other EU countries.

Why do I think we should have tougher border checks? Because not having them is very expensive—expensive financially, expensive for our young people trying to find low-skilled jobs and expensive for our housing market. If we prevent foreigners from settling in Britain, more money will stay in the country. There will also be less demand on houses, keeping the property markets in check and allowing our first-time buyers to get on the property ladder, especially in south-east England. There will also be fewer people applying for the same number of jobs, thus reducing unemployment. Other countries are tough on this, including the USA. Why does Britain have to be a soft touch? Rather than having people come to this country, we should be encouraging them to stay in theirs, and to generate the wealth that goes with that.

Every time Europe is discussed, I am grateful for two things: first, that we did not join the euro; and secondly, that we did not sign the Schengen agreement. As it is, the thought that some 437 million people of the EU are allowed to come to the UK chills my blood. If we had committed to Schengen, they would be able to come into the UK without anyone even checking their passports. It is bad enough that one can go from Cyprus to Calais without one's passport being checked; imagine if we had signed away any advantage that the channel affords us as well.

Before I finish, I would like briefly to pay a tribute. The men and women who go to work at our ports of entry on a daily basis deserve our recognition. If our armed forces are protecting our borders in Afghanistan, the UK Border Agency has an equal responsibility at home. There would be no point conducting operations across the world if our border agency did not conduct its work with a similar professionalism here. I know that occasionally things appear to go wrong, but I also know that it is never intentional, and we must remember that. We are talking about dedicated public servants doing a difficult job, and I welcome that.

I call on the Minister to have a good look at those wanting to come into the UK from outside Europe, but I would also like the policies that allow arrivals from within the EU to be thoroughly reviewed too—this is one way in which the Prime Minister can really look after our national interests. Let us get tough on them. The shores of this island are ours, not Europe's. We should be able to decide who lands upon them.

9.38 pm

Diana Johnson (Kingston upon Hull North) (Lab): We have had an interesting debate this evening, with the Minister and the shadow Minister using their opening remarks to set the measured tone with which we should

always conduct debates on immigration. As constituency Members of Parliament, we all know that immigration frequently crops up when we talk to constituents. I not only represent a port city, but I have a university in my constituency with many overseas students. I also live in an area that has many seasonal workers who come for the agricultural work that needs to be done.

There is a general consensus around the Chamber that we need to control immigration. We acknowledge, of course, the benefit of immigration to this country over many years. We also acknowledge the genuine asylum seekers, whom we want to assist and provide a safe haven for in this country. However, I am sure we all agree that we also need tough enforcement for illegal immigrants—those who should not be here, those who are overstayers. We need to tackle that problem.

On the whole, we have had a considered and sensible debate. However, I was a little disappointed that the Minister could not be more generous in his opening remarks about some of the positive steps that were taken through the points-based system. I understand and acknowledge that the Government are adapting and changing it, but the system in place now was introduced by the last, Labour Government. I also dispute the notion that when the coalition Government came to power in 2010 the system was in chaos. That is not correct. Instead, the coalition is building on many of the positive steps and measures introduced by the previous Government.

My hon. Friend the Member for Rhondda (Chris Bryant) made some thoughtful comments in his opening contribution. He identified some of the difficult issues surrounding immigration, including those to do with marriage and family reunion and the debate on economic independence and when it is appropriate to set the level of financial support necessary for someone to bring a husband or wife into the country. My hon. Friend also talked about gay asylum issues, which I believe we should have a long, hard think about. All hon. Members know how important is the NHS and how it has benefited in the past from immigration and the dedication of nurses, doctors and health service workers. I hope that when the Minister concludes, he will answer the points that my hon. Friend raised and deal with domestic workers and trafficking, too, as many hon. Members are concerned about them.

I would like to highlight some of the local issues raised by individual Members. My hon. Friend the Member for Brent North (Barry Gardiner) talked about students who had been left high and dry by bogus colleges. I hope that the Immigration Minister will revisit that point, as I know my hon. Friend is still concerned that the students who legitimately applied for their status have been left in a difficult position. Legacy cases are important, too, and the Home Office needs to accept that it has not always responded as quickly or as effectively as it should to them.

My hon. Friend the Member for Dumfries and Galloway (Mr Brown) mentioned the port of Stranraer, as he has on many occasions, in the context of southern Ireland and the ability to travel to the mainland from there. I am sure that the Minister will want to pursue that further with my hon. Friend.

The right hon. Member for Mid Sussex (Nicholas Soames) talked about the projections for the UK population, mentioning the figure of 70 million that has been bandied around. He highlighted issues relating to students, workers and marriage. I was struck by the fact that that other hon. Members spoke about the tone of the debate about students. We know that higher and further education are key economic growth areas for the country, and we do not want to put off good students from coming to our good institutions because of the perception that the system is stacked against them.

The hon. Member for Canterbury (Mr Brazier) made some remarks about overcrowding, which I found a little odd, considering that, as my hon. Friend the Member for Rhondda mentioned in an intervention, huge areas of this country are not well populated. I represent the city of Hull in East Yorkshire, where there is a quite a lot of space in some areas. The hon. Gentleman made the important point that immigrants pay more tax than they often receive in benefits. I believe we should reflect further on that.

The hon. Member for Boston and Skegness (Mark Simmonds) represents an area I know a little, and I am familiar with issues to do with agricultural workers and the seasonal character of the population. He made a strong and passionate case about resources for his area, but I would refer him to the migration impact fund, which was introduced by the last Government to support areas that were seeing a certain level of immigration into their local communities.

The right hon. Member for Carshalton and Wallington (Tom Brake) was very brave to make comments about the number of Labour Members in the Chamber after the non-appearance of his leader today in the most important statement the House has had for quite some time, but I will move on. I found his comments about his manifesto promise interesting. It was a promise to stop holding children in detention, but of course that promise changed once the Liberal Democrats were in government.

The hon. Member for Peterborough (Mr Jackson) focused on the Opposition's policies on immigration rather than on his own party's proposals. I suggest that he look at the figures showing that net migration of 245,000 for the year ending March 2011 compares with net migration of 222,000 in March 2010. That is something to reflect on, particularly in respect of whether his Government's policies are working.

The hon. Member for Tamworth (Christopher Pincher) said that the Government had struck the right balance. We must pay special attention to the statistics, and ensure that they have been authorised. The hon. Member for Croydon Central (Gavin Barwell) spoke about what was happening in his constituency. Obviously that is important, but let me gently remind him that—as I recall—the first BNP councillor was elected in 1993 in Tower Hamlets, when we had a Conservative Government and the Liberal Democrats controlled Tower Hamlets council.

The hon. Member for Thurrock (Jackie Doyle-Price) spoke about sham marriages and scams, and of course we all agree with her that such activities must be dealt with quickly and effectively. She said that the UKBA had been overwhelmed, which was an interesting comment given the 6,500 jobs that will be lost in the agency in the coming years.

The hon. Member for Halesowen and Rowley Regis (James Morris) spoke of an effective removal regime, and gave a good local example. I think that all Members

[Diana Johnson]

want to ensure that the removal regime is as effective and speedy as possible when that is appropriate. The hon. Member for Isle of Wight (Mr Turner) referred to the need to strengthen checks at the borders, and to the hard work of UKBA staff. I am sure that the whole House agrees with him about that.

Members took advantage of the opportunity to discuss all the issues involved, and this was a good debate. However, I fear that the Government's rhetoric does not match the reality represented by the statistics. We recall the debacle over the summer involving the UKBA immigration checks, when Ministers clearly did not have a grip on what was happening on the front line, and we know that there are 6,500 UKBA job losses to come. We do not know whether the Government's policies will be effectively implemented. My hon. Friend the Member for Rhondda pointed out that 12% fewer illegal immigrants, overstayers and criminals had been removed this year than last year.

We must be alive to this issue. We must pay attention to the statistics, and must hold the Government to account in the months and years to come. We shall see whether they can deliver on their commitment to reducing net migration to tens of thousands.

9.47 pm

The Parliamentary Under-Secretary of State for the Home Department (James Brokenshire): We have had an informative and measured debate, and it is important to note that the Government found time for it. As many Members have pointed out, we should be able to discuss immigration with candour, openness and honesty, basing our evidence on the facts. My hon. Friend the Member for Halesowen and Rowley Regis (James Morris) spoke of the need to ensure that the subject was not off limits, as I think we have done today. As was clear from many speeches, it is a matter of significant concern to our constituents. My right hon. Friend the Member for Mid Sussex (Nicholas Soames), for instance, highlighted the support for the Migrationwatch e-petition.

I welcomed the 10 speeches from Back Benchers, although I was disappointed and slightly surprised that they were all made by Government Members. As I have said, it is important for the subject not to be off limits and for a broad debate to take place across the Chamber.

Let me remind the House of this Government's approach to immigration, which is about balance. Britain benefits from immigration and has always done so, but it will continue to do so only if immigration is properly controlled. That means that the unsustainable level of net migration in recent years must be brought down. It is not unfair to characterise the previous Government's approach as not being about controlled migration; it was more characterised by unlimited migration. Following the pushing by my hon. Friend the Member for Peterborough (Mr Jackson), the hon. Member for Rhondda (Chris Bryant) accepted that the level of migration had been too high, so we look forward to the development of further policy and of the debate in the weeks and months ahead.

The hon. Member for Kingston upon Hull North (Diana Johnson) highlighted the points-based system. I am sure that we will return to these issues in the future, but I wish to set out one fact for her. When that system was introduced in 2009, the number of student visas increased from 232,000 to a record 320,000. We have taken the clear approach that the view and policy of the previous Government were not sustainable, so we have imposed some much-needed rigour on the system through: an annual limit of 20,700 sponsored workers with a job offer; closing the tier 1 general route and replacing it with a smaller, more focused exceptional talent route; accelerated settlement for the biggest investors and most successful entrepreneurs; restricting tier 2 to graduate-level occupations and intermediate-level English speakers; restricting intra-company transfers to 12 months, unless someone is earning £40,000 or more; and introducing tougher entry requirements, with higher language competency and evidence of maintenance requirements, whereby all educational institutions are to be highly trusted sponsors and vetted by the relevant improved inspectorate. However, there is more to be done, which is why the Government will be announcing reforms to settlement and the family route in due course.

Some important contributions have made by hon. Members, and I will try to respond to as many as I can in the time left to me. My right hon. Friend the Member for Mid Sussex highlighted the need to take action on the student route. Statistics show that one in five students—or about 21%—appeared to remain in the migration system five years after the end of their course, which highlights clearly why we need to take action. Indeed, we have fundamentally reformed the student visa route, with measures including a tightening of the regime for licensing colleges that sponsor foreign students; restrictions on the entitlements of students, including the right to work; and the closure of the post-study work route from April 2012. The hon. Member for Rhondda highlighted the issue of the post-study work route, which we believe is far too generous. In 2010, one in 10 UK graduates was unemployed and 39,000 non-EU students took advantage of post-study work. The figure was 47,000 between January and September this year, which is why we will close the post-study work route from April 2012.

I wish to comment on the points raised by a number of hon. Members, particularly my hon. Friends the Members for Canterbury (Mr Brazier), for Boston and Skegness (Mark Simmonds), and for Peterborough, about the pressures on public services. Those pressures are the reason why the Government have commissioned research into the impact of migration on UK employment and the take-up of public services, and we will be publishing this work in due course. We have commissioned the Migration Advisory Committee to examine the national impacts on employment, congestion and national services, and its report will be published early next year.

On the point made by my hon. Friend the Member for Boston and Skegness about scientists and researchers, the Government's changes to the points-based system have all been made with the needs of the science, academic and research communities in mind. A number of routes are available depending on the individual's level of experience or the length of time needed in the UK, including at tier 2, which is the main route for those coming to work as scientific, academic or research staff, where the possibility of a long stay is available. Migrants with PhDs are given extra points and migrants must meet the resident labour market test and be paid the appropriate rate for the job, with a minimum salary

of £20,000. We have clearly reflected on the needs of science in the proposals and on the exceptional talent route, through which 700 of the 1,000 places in the first year have been earmarked for the use of exceptionally talented scientists, academics and engineers.

Let me comment on the points made by my right hon. Friend the Member for Carshalton and Wallington (Tom Brake) about children in detention. We have radically changed the system to ensure that the welfare of the child is at the heart of the decision and the removals process. This Government have introduced very important and significant change and my right hon. Friend was right to highlight that.

My hon. Friend the Member for Peterborough highlighted the issue of A2 nationals and, as he said, the Migration Advisory Committee has made a clear case for extending the restrictions on Bulgarians and Romanians. He may be aware that on 23 November, restrictions on how Bulgarian and Romanian nationals access the UK labour market were extended until the end of 2013, which means that those nationals will continue to require permission from the UKBA before they can work in the UK. Let me make it absolutely clear that this Government will always introduce transitional controls on all new EU member states as a matter of course. That is a very important statement to underline and put on the record, recognising to some extent the comments made by my hon. Friend the Member for Isle of Wight (Mr Turner).

My hon. Friend the Member for Thurrock (Jackie Doyle-Price) highlighted the issue of the European Court of Human Rights and article 8. The Government will revise the immigration rules to reinforce the public interest in seeing foreign criminals and those who have breached our immigration laws removed from this country.

I talked about a balanced immigration policy. We want the brightest and the best to come to the UK and we want to support economic growth. I know that that point was, in many ways, underlined by my hon. Friend the Member for Tamworth (Christopher Pincher) when he talked about the economy and how this issue factors in. That is why we have consulted widely on all our reforms with business and with the higher education sector. Every month since we introduced the limit the visas on offer have been under-subscribed, so not a single valuable worker has been prevented from coming here.

To promote the brightest and the best we made the investor and entrepreneur routes more attractive and accessible, for instance through an accelerated path to settlement. The latest quarterly figures show that numbers for both investors and entrepreneurs have more than doubled compared with the same period last year. We have opened a new route for exceptional talent under which applicants do not need a job offer but must be endorsed by a competent body as world-leading talent. By introducing these important changes, we have underlined the sense of balance and their contribution to the economic well-being of our country.

Our border operations are key in ensuring the effectiveness of our migration policies, guarding against abuse and circumvention of the visa system and illegal immigration. It is important to understand that the old idea that the border starts at Dover or Heathrow will become increasingly old-fashioned. To reiterate the point made by my hon. Friend the Minister for Immigration, we want to export our borders so that they start at airports and visa application centres around the world. In so doing, we will ensure that we have stronger, more effective controls.

People have a right to know that the Government are protecting their jobs, keeping a firm grip on those who come here and sending home those who break the rules. That is the approach the Government have taken and will continue to take in the best interests of our citizens, our economy and our country. It is very much that sense of balance that we have adopted in our policies. Immigration is a vitally important subject for this country.

10 pm

Motion lapsed (Standing Order No. 9(3)).

Business without Debate

DELEGATED LEGISLATION

Motion made, and Question put forthwith (Standing Order No. 118(6)),

CORPORATION TAX

That the draft Investment Trust (Approved Company) (Tax) Regulations 2011, which were laid before this House on 7 November, be approved.—*(Mr Vara.)*

Question agreed to.

BUSINESS OF THE HOUSE (14 DECEMBER) (NO. 2)

Ordered,

That at the sitting on Wednesday 14 December the Speaker shall put the Questions necessary to dispose of proceedings on:

1. the Motions in the name of Sir George Young relating to Carry-over (Bills brought in upon a ways and means resolution), Third reading (bills brought in upon a ways and means resolution), Sessionality (supply), Consideration of estimates and Questions on voting of estimates, &c. not later than one and a half hours after their commencement; and

2. the Motion in the name of Sir George Young relating to Public bodies: scrutiny of draft orders not later than three hours after commencement of proceedings on the Motions specified in paragraph 1;

and such Questions shall include the Questions on any Amendments selected by the Speaker which may then be moved.—*(Mr Vara.)*

POLITICAL AND CONSTITUTIONAL REFORM

Ordered,

That Yasmin Qureshi be discharged from the Political and Constitutional Reform Committee and Paul Flynn be added.—*(Mr Vara.)*

CULTURE, MEDIA AND SPORT

Ordered,

That Mr Gerry Sutcliffe be added to the Culture, Media and Sport Committee.—*(Geoffrey Clifton-Brown, on behalf of the Committee of Selection.)*

Pregnancy Counselling

Motion made, and Question proposed, That this House do now adjourn.—*(Mr Vara.)*

10.1 pm

Gavin Shuker (Luton South) (Lab/Co-op): I am extremely grateful to you, Mr Speaker, for granting this Adjournment debate. Three months ago, during our debates on the Health and Social Care Bill, an amendment upholding a notion supported by 78% of the British public, that

"a woman should have a right to independent counselling when considering having an abortion, from a source that has no financial interest in her decision"

was put to the vote. It was voted down by a majority of three to one. I know this all too well because I intervened in the debate to say why I hoped it would not go to a Division. It felt misplaced in the legislation and followed a fractious debate that had been conducted in the papers and the media. It descended, as all such debates seem to, into a political bun fight. Indeed, one of the few voices of moderation—hon. Members might be surprised to hear me say this—was the Under-Secretary of State for Health, the hon. Member for Guildford (Anne Milton), who is in her place tonight.

The Government are rightly engaging in a consultation process to see how best to improve pregnancy counselling services. It is in that context that I sought this Adjournment debate. I hope that we can show, as a House, that we have the maturity to ask a simple question without descending into accusations either of betrayal or of compromise. The question we must ask is this: do the present arrangements for pregnancy counselling, when a woman is deciding whether to undergo a termination procedure or to make arrangements for seeing her pregnancy through, serve us well?

I should like to quote a few women who have spoken about their experiences of the pregnancy counselling system as it is currently constituted. All these women received taxpayer-funded counselling; they really are the most important voices we could hear from this evening. A woman called Jennie had a bad experience. She said,

"I felt this counsellor was disinterested. I actually told her to pay attention because this was important to me that I had this counselling. It was like she was thinking about her shopping and I was just choosing a handbag."

Emma said:

"I felt irritated with the counsellor because she presented my abortion options like it was a sweet shop; 'So what would you prefer? The pills that will do this, this and this or you could have a surgical procedure.' I was so angry; I just told her I didn't care."

Other women have reported that they felt pregnancy option counselling simply was not made available to them. A woman called Kerry said:

"They did not offer me counselling. I was crying and screaming as I went for the abortion but they still went through with it. I was pressurised by my boyfriend. It is the first thing I think about in the morning and the last thing at night."

Patricia was not offered counselling either. She said:

"I was never given any options. When I took the second pill I was sent home to have the abortion. I have not stopped crying ever since."

It is tempting to dismiss these experiences, but they are real. Any mature debate will, I hope, avoid the accusation that these women are in some way rewriting their own history. Surely we should do all we can as a society to ensure that women, regardless of their choice in such circumstances, do not have to live with regret, in many cases for the rest of their lives.

At the heart of the proposal that all women should access independent counselling where the source of that counselling does not have a financial interest in their decision is a concern about the current arrangements. At present the only available taxpayer-funded pregnancy counselling is given by those working for abortion providers. Some have suggested that this means that counsellors will act unprofessionally, in a directive fashion. I do not suggest that, but I do have a concern.

When a pregnancy counsellor also works for an organisation that provides abortions, there is an underlying direction of travel. The expectation, for both the organisation and the woman accessing the service, is that the normal process will conclude in the termination of a pregnancy.

Andrew Selous (South West Bedfordshire) (Con): Given that the law gives a woman the right to choose, does the hon. Gentleman agree that a woman should also have the right to choose from where she gets her counselling? I have a wonderful lady in my constituency, Sarah Richards, who receives no funding for the women who come to her. She does not badger them in any direction. Would the hon. Gentleman like to see a woman such as Sarah Richards who provides such a service receiving the same payment as the British Pregnancy Advisory Service receives for the women it counsels?

Gavin Shuker: The hon. Gentleman makes an extremely good point about the experiences in his constituency. I will go on to talk about the system that I think might be able to facilitate something along those lines and address some of the concerns that, quite understandably, many people will have when they hear about those who are currently outside the system coming in as well.

It is reasonable to expect that women are offered, should they want it, counselling that does not have a connection and an underlying association with only one outcome.

Kate Green (Stretford and Urmston) (Lab): My hon. Friend is making a very thoughtful case. Does he agree that we particularly want to avoid late terminations? They are stressful for women and they are obviously a cause of great concern. How would he be sure that directing women to sources of counselling outwith abortion providers would not cause delay?

Gavin Shuker: My hon. Friend makes an extremely good point. Where terminations are to occur, they should happen early. There is a concern that women who desire the kind of context in which they can make their own decision are provided for as well. There will always have to be a balance in any system, but there is an inherent risk in the system as it is currently constituted that women are not able to access that counselling.

It is reasonable that independent pregnancy counselling should be made available to all women who are considering their options. It might surprise the House to know that there is no legal guarantee that such counselling is available.

Fiona Bruce (Congleton) (Con): I commend the hon. Gentleman for introducing this important debate. Does he also agree that where such counselling is offered, it should be provided by counsellors who have specialist training and experience in advising those who are in the situation he describes?

Gavin Shuker: The hon. Lady makes an extremely good point. I agree, and I will go on to say a few words about some of the criteria that we should look for in people providing such counselling in future.

I believe it is perfectly reasonable, in a debate as complex and fractious as this, to suggest that given the issues we have talked about, the most sensible thing the Government could do is take out of the equation the financial link between counselling and the procedure. I accept that there are opinions in all parts of the House, but one simple principle to enact—and one potentially complex thing to do—would be to take the financial link out of the process. Many would see it as wrong that pregnancy counselling is currently monopolised by those who are pro-choice. There is an imbalance in the system which means that, by and large, counselling is provided only by private abortion clinics. I encourage hon. Members, whatever their perspective on the issue, to consider this simple question: can it really be right that the only taxpayer-funded pregnancy counselling available is currently given by those working for abortion providers?

Counselling in this context should always be non-directive, client-centred and universally available, and the right to it should be legally protected, but I do not believe that it should be subject to a duopoly, as it is at present. If a provider can produce genuinely client-centred and non-directive counselling that is free from a financial link to any given procedure, I believe that the NHS should fund it. There are more than two such providers in the UK today.

In that light, I very much welcome the commitment that the Minister gave the House in September. She said:

> "Whether women want to take up the offer of independent counselling will be a matter for them, but we are clear that the offer should be made."—[*Official Report*, 7 September 2011; Vol. 532, c. 384.]

She also spoke of the difficulty in defining what was meant by "independent" in this context. For some it simply means non-directive, but for others it means independence from finance or independence of the organisational structure from the abortion provider. As I understand it, her Department has not yet given any assurance that the offer of independent counselling would by definition mean counselling by persons or bodies without any kind of vested interest in abortion provision. I ask her to reflect on this and reiterate her commitment that women will be offered independent counselling and that the way to ensure that is by creating a regulatory framework that recognises the provision of alternative sources of pregnancy counselling to those offered by the big two.

In this country we have more than 40,000 trained counsellors who are members of either the British Association for Counselling and Psychotherapy or the UK Council for Psychotherapy. I hope that the Department will liaise with both organisations and the Royal College of Psychiatrists in developing an entirely new approach to how pregnancy counselling is provided in this country.

I know I speak for many, both in the Chamber and outside, when I say that my preference would be for abortion clinics not to be provided in pregnancy options counselling, ensuring that every woman seeking such counselling would know that there is no financial relationship between counselling and the provision of a termination. However, I accept the Government's position that the right way forward on this issue is through consultation that allows all parties to express their views. It seems entirely practical and plausible for the Government, using the resources currently available, to develop a system in which every woman considering her pregnancy is offered counselling, should she wish to have it.

Non-directive pregnancy options counsellors, who are excluded from the present state settlement, can offer practical advice and help for women who choose to take their pregnancy to full term and often an ongoing support relationship. The focus of existing providers, understandably, is whether to abort or not. Just as choices are wider than simply whether or not to have an abortion, so counselling should give recognition to and advice on adoption and fostering when a woman considers continuing with her pregnancy.

Let me turn to the inevitable charge that allowing counsellors who are pro-life in their personal lives into the system would be inherently damaging to women. It starts with an assumption that the present system is both neutral and independent and hinges on a prejudice about those who hold such convictions. Allow me humbly to disagree with this notion. First, if the debate this autumn taught us anything, it is that no one is neutral. On an issue of conscience, right-minded and well-meaning people will rightly disagree and end up on different sides of the debate, but they will hold a position of conscience that they feel strongly about, hence my suggestion that we do what we can do now, hence my call to break the financial link between counselling and the termination procedure, and hence my desire to ensure that there is no nagging doubt at the back of any woman's mind about who is looking out for their interests.

Secondly, there is an assumption that people cannot park their personal convictions at the door. Every counsellor knows that pressure in any direction is counter-productive for a woman who wants to continue her pregnancy but needs the space to reach that conclusion herself. In a new system, every counsellor should know that, whether they are personally pro-choice or pro-life, any moves that depart from non-directive principles should endanger their ability to do such work in future.

Equally, I hope that being pro-choice would mean being pro-all-the-choices available to women and that some providers are more expert at providing additional choices to those currently available and funded within the present system. That is why I hope that providers who, as many Members have mentioned, are doing amazing work to support women who would otherwise have felt no option but to undergo an abortion will be welcomed into our present system.

As a House, we have always had the ability to bridge divides, overcome prejudices we see in one another and together find a better arrangement for those we are here to serve. I feel certain that there are women who are let down by the current arrangements. The right response for us is to come together in a spirit of respect, excluding no one or their views. The ongoing consultation by the Government is an opportunity for us to do so, and I hope that we will not be found lacking.

10.15 pm

The Parliamentary Under-Secretary of State for Health (Anne Milton): I thank the hon. Member for Luton South (Gavin Shuker) for bringing this important issue to the fore in the House again. It is testament to how important the issue is that, at this late hour, the House is filled with many Members who take an interest in it. People rightly feel very strongly about it, and he has made some very important points. In this debate, whatever our respective positions, I think we all agree that women who face a decision about whether to proceed with their pregnancy need support, advice and, indeed, counselling; often, it is a very difficult decision for women to make.

The hon. Gentleman supported the amendment introduced by my hon. Friend the Member for Mid Bedfordshire (Nadine Dorries), and since that debate officials in the Department of Health have been developing and looking at proposals for a consultation on the counselling options in the independent sector and in the NHS for all women considering abortion.

I am working with Members from both sides of the House to look at how we might proceed with the consultation, and I have been impressed by what the hon. Gentleman referred to as the "maturity" of that group of people, who, despite starting from quite opposite ends of the debate, have come together to find out where we agree and, at the end of the day, to ensure that we put forward a consultation that looks at what is best for women.

The consultation will consider how to develop an offer of counselling that is impartial and supportive and, as part of the process, we will look at who is best placed to offer counselling. It is not about automatically including or excluding any one type of organisation; what matters is that we define clearly the outcomes that we want for women. It is important to focus on the process, but we need to be clear about what we are trying to achieve.

Officials have visited several counselling providers to find out more about the services that are offered in terms of the process, the qualifications that their counsellors hold, and what people should expect on booking a counselling appointment. Some organisations are abortion providers, some are services that refer people to abortion providers, and others do not make direct abortion referrals. Official recently visited a Marie Stopes International clinic and a BPAS clinic, and what they found was quite interesting. During the consultation, I am sure that we will hear from many other people with experience of those services.

The proposals are still being developed, and, on an issue that has sought to divide the House in the past, and on which there are sometimes very strong views, it is important that we go into the consultation with one mind. We are confident that, as a result of the work, counselling arrangements will be improved. That is the purpose of the work, and we want to take into account everyone's point of view so that we put together for consultation the right document that asks the right questions and includes the right options, and so that we hear and know exactly what is the best way forward.

It is clear that good work, delivered by different providers, is going on in many places, but we need to make sure that all women are offered a consistently good service. The repercussions of that not being the case are very serious. The aim of the consultation will be to propose ways to strengthen existing counselling options for women where they are good, improve the services where they fall short, and set out detailed options to achieve that goal.

Thomas Docherty (Dunfermline and West Fife) (Lab): I commend my hon. Friend the Member for Luton South (Gavin Shuker) for securing this well-measured debate. The Minister will be aware that the Health and Social Care Bill is going through the House of Lords. Will she guarantee that before the Bill leaves the other place and comes back here, she will bring forward a measured package to make sure that there is a consultation about these issues?

Anne Milton: I thank the hon. Gentleman for his intervention, but there is no need for this to be dealt with in legislation. Before today, I have given my word at this Dispatch Box that we will carry out the consultation and bring forward the best options in finding the best way to make sure that women have an offer of counselling should they wish to take it up. It is important to remember that women who access services sometimes do so from a wide variety of directions—they may self-refer or come from their GP. What matters is that we get the offer in the right place. We need to consider whether the woman should have the one offer or whether the offer needs to be continually open because she might turn it down in the first instance, at the first appointment, but want to take it up, say, a week down the line. It is important that we get the detail right. We do not need to put it into primary legislation; in fact, it would arguably be inappropriate to do so. I repeat that I have said from this Dispatch Box, on more than one occasion, what we will do.

As the hon. Member for Luton South said, there is concern that there is a conflict of interest in that counsellors are paid for procedures and yet also expected to provide entirely impartial advice to women. Although there are no formal quality standards in place for counsellors and no minimum standards for training or qualifications, we have found that the majority of counsellors who work in independent sector abortion providers are registered with the British Association for Counselling and Psychotherapy. Underpinning membership of, and accreditation by, this organisation is a thorough ethical framework that counsellors must abide by. However, sufficient concern has been expressed, so we are looking at everything in the round to make sure that the sector is not only independent but has the confidence of the public that it is independent. It is important to say that independent sector abortion providers and organisations that refer women for an abortion are subject to the Secretary of State's approval and monitoring by the Care Quality Commission. Marie Stopes International, which is one of the leading abortion providers, has reported that 20% of its clients decided not to go through with the termination following counselling. That is an interesting statistic.

Pregnancy counselling is about providing women with a non-directional and non-threatening service in which they can explore the issues. Some will immediately decide on their course of action, and others will still be unsure about what to do at their first appointment with a health professional. This can sometimes make it very

difficult to provide the uniform standard of care that is so important. What is right for one woman will not necessarily be right for another, and so a flexible service that can respond as far as possible to individual women's needs is essential. Moreover, we do not want to create barriers or to instil delays in the service. Counselling can help a woman to recognise conflicting emotions and feelings and allow her to accept that there may be no perfect, straightforward answer to this crisis in her life. Most importantly, it allows her time and space to reach an informed decision. There is evidence that counselling can help women, particularly vulnerable women, to make a decision with which they are comfortable. We have also heard anecdotal evidence from women who feel that they could have been helped by counselling before making their decision to have an abortion.

Counselling must be balanced. Effective counselling must be confidential, non-directive, non-judgmental, supportive and understood by the person to be independent of any assessment for legal approval for abortion. It needs to happen away from the influence of family or friends. The hon. Member for Luton South highlighted the case of a woman who felt pressurised by her boyfriend and I know that some women feel pressurised by their families.

Contraception has been free on the NHS since 1974. It has helped millions of people to avoid unintended pregnancy and to plan their families as they wish. There are 15 methods of contraception and we have seen a recent increase in the number of women choosing highly effective methods of long-acting contraception.

Although abortion rates for all ages have remained stable, between 2007 and 2010 the abortion rate fell for those aged 24 and under, and the number of abortions overall fell. In 2007 there were just shy of 200,000 abortions, whereas in 2010 there were 189,574, which is a decrease of nearly 10,000 in the space of three years. That is good, but we clearly have a great deal of work to do. Ideally, we do not want to face anything near those numbers. We must ensure that young people have good relationships and sex education so that they can make good choices for their lives.

In conclusion, this work is about ensuring that all women considering an abortion get the best possible service, which they not only need, but deserve. We are looking to build on the recent early successes of the increasing access to psychological therapies programme and to use that model to develop options for pregnancy counselling. We have had discussions with the officials leading that team in the Department and there is a lot of opportunity. I have no doubt that when we offer young women counselling, it will be an opportunity for some women to unearth all sorts of other issues in their lives, such as domestic violence and sexual abuse. I hope that all Members agree with the principle behind this, as I think they do, even though we sometimes disagree about the small print. I hope that the hon. Member for Luton South and all hon. Members will continue to work with us to get this right.

Mr David Amess (Southend West) (Con): I congratulate my hon. Friend on the stand that she is taking, even though some of her statistics have slightly mystified me. Before she completes her speech, will she tell the House roughly when, after the consultation next January or February, she believes we will come to a new arrangement for abortion counselling?

Anne Milton: As I have said, I am working with Members on all sides of the debate to get the consultation document right, with the right options and the right offer. The consultation will last for 12 weeks and I then hope to bring forward the arrangements. There are issues with the number of counsellors who are available and with the pathways. These things never happen as quickly as I would like. I always wish that things could happen yesterday, but sadly they cannot.

Thomas Docherty: Will the Minister confirm whether she thinks that it will happen before or after the Health and Social Care Bill passes from the House of Lords?

Anne Milton: It is not for me to prejudge the passage of any Bill, particularly when it is in another place. I am determined to get on with this work. It is not dependent on the Bill. We need to move forward so that we can get the process in place for the offer to be made as soon as possible.

The hon. Member for Luton South rightly said that no one is neutral. We want women to receive advice on all the available options and to get support in making their decisions. We want them to have the offer of independent counselling so that when they make a decision, they feel sure in their hearts that it is right for them not just for today, but for the rest of their lives.

Question put and agreed to.

10.29 pm

House adjourned.

House of Commons

Tuesday 13 December 2011

The House met at half-past Two o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

BUSINESS BEFORE QUESTIONS

LONDON LOCAL AUTHORITIES BILL [*LORDS*] (*BY ORDER*)

Further consideration of Bill, as amended, opposed and deferred until Tuesday 20 December (Standing Order No.20).

LONDON LOCAL AUTHORITIES AND TRANSPORT FOR LONDON (No.2) BILL [*LORDS*] (*BY ORDER*)

TRANSPORT FOR LONDON (SUPPLEMENTAL TOLL PROVISIONS) BILL [*LORDS*] (*BY ORDER*)

Second Readings opposed and deferred until Tuesday 20 December (Standing Order No.20).

Oral Answers to Questions

JUSTICE

The Secretary of State was asked—

Coroners (Retirement Age)

1. **Ian Swales** (Redcar) (LD): What assessment he has made of whether there should be a compulsory retirement age for coroners. [86094]

The Parliamentary Under-Secretary of State for Justice (Mr Jonathan Djanogly): The Coroners and Justice Act 2009 requires a senior coroner, area coroner or assistant coroner to vacate office on reaching the age of 70. The Government intend to implement this provision as soon as is practicable, although the retirement age will not apply to those in post immediately before the change comes into effect.

Ian Swales: I thank the Minister for that answer. The Teesside coroner is used as a bad example nationally by charities such as Cardiac Risk in the Young and the Royal British Legion. It is led by 81-year-old Michael Sheffield. Will the Minister meet a delegation of local MPs to discuss how the performance of the Teesside service could be improved?

Mr Djanogly: I am happy to meet to discuss the Teesside service, but not the coroner per se. The Lord Chief Justice and the Lord Chancellor are aware of the concerns that have been expressed about the Teesside coroner and have asked the Office for Judicial Complaints to investigate. I cannot comment any further while that investigation is ongoing.

Robert Flello (Stoke-on-Trent South) (Lab): The Secretary of State's change of heart, perhaps encouraged by the other place, about the creation of a chief coroner is most welcome, and I look forward to hearing that a chief coroner has been appointed. However, there are still major concerns about the repeal of section 40 and other sections in the Coroners and Justice Act 2009 that provide for the new appeal process. I understand the Secretary of State's concerns about costs, but all that bereaved families are looking for is a commitment to bring forward a proper appeal process. The Teesside coroner is a very good example of the fact that the current system of judicial appeal is time consuming, costly and damaging. Will the Minister reconsider the decision about the appeal process?

Mr Djanogly: We take the view that it is better to focus on raising the standards of coroners' inquiries and inquests to ensure that bereaved families are satisfied with the process without the need for new appeal rights and the resulting expensive litigation.

Vulnerable People

2. **Mr Virendra Sharma** (Ealing, Southall) (Lab): What steps his Department is taking to ensure access to justice for vulnerable people. [86095]

The Parliamentary Under-Secretary of State for Justice (Mr Jonathan Djanogly): Access to justice is a wide concept, encompassing general advice provision, access to courts, as well as privately and publicly funded advice and representation. In respect of legal aid, the provisions of the Legal Aid, Sentencing and Punishment of Offenders Bill are designed to ensure that resources are targeted at the most serious cases, in which public funding is justified, protecting fundamental rights to access to justice.

Mr Virendra Sharma: I thank the Minister for that answer.

"The Legal Aid, Sentencing and Punishment of Offenders Bill will have a damaging effect on access unless substantial amendments are made in the House of Lords."

Those are not my words, but those of the esteemed Cross Bencher, Lord Pannick. Is the Secretary of State concerned by the opposition shown by Lord Pannick and others—especially given the enormous time pressure on business in the other place—and will he therefore save considerable time and effort by announcing now to the House his intention to reverse his damaging proposals on legal aid, which risk undermining access to justice for the most vulnerable?

Mr Djanogly: We do recognise that there is a need to provide a suitable level of protection for the most vulnerable. Reforms will ensure that legal aid is targeted at those who need it most, for the most serious cases in which legal advice or representation is justified. Areas that remain in scope, such as domestic violence, asylum, property repossession and protecting children, demonstrate our commitment to that.

Mr Gary Streeter (South West Devon) (Con): Thank you, Mr Speaker—I shall be brief. Is not one of the most important aspects of access to justice the time it takes to get a decision? Are there not still too many unnecessary adjournments in our court process, and what is the Minister doing about that?

Mr Djanogly: With my honourable colleagues on the criminal side of the Department, I am looking at many areas in which to speed up court processes. Indeed, the speed of the magistrates court process has increased dramatically since we came into power.

Mr Elfyn Llwyd (Dwyfor Meirionnydd) (PC): That is all well and good but what the Minister does not say is that people who need debt, welfare benefit or housing advice will now be out of scope, as he well knows, and that that will have a knock-on cost. This is simply short-termism. On the definition of domestic violence, he also knows that far more people will be litigating in person, which will also be a waste of money.

Mr Djanogly: I must put the right hon. Gentleman right: we are not ending debt advice or advice in some of the other areas he mentioned. In fact, we will still be spending some £50 million on social welfare advice.

Sadiq Khan (Tooting) (Lab): Fifty-three peers of the 54 who spoke in the House of Lords on Second Reading of the Government's flagship Legal Aid, Sentencing and Punishment of Offenders Bill expressed their worries about the Bill. They came from both sides of the political spectrum and many were among the country's leading experts. Unlike their Liberal Democrat and Conservative counterparts in the House of Commons, they are not Whips' fodder and will not be bought off by platitudes or the offer of jobs in government. What plans does the Minister have to address the concerns that they raised, or will there be no change from the Bill that left this House?

Mr Djanogly: The right hon. Gentleman mentions the fact that the Bill is currently going through the other place and will shortly head to Committee. Of course, the Government, being a listening Government, and the Ministry of Justice, being a listening Ministry, will take onboard the concerns of noble Members in the other place and act accordingly.

Victims' Commissioner

3. **Chi Onwurah** (Newcastle upon Tyne Central) (Lab): When he expects to appoint a new Victims' Commissioner. [86096]

The Lord Chancellor and Secretary of State for Justice (Mr Kenneth Clarke): I am extremely grateful to Louise Casey for the work she did as Victims' Commissioner and the advice that I received from her while she was in office. We are considering the future of the role and intend to make an announcement in due course.

Chi Onwurah: In 2005, teenager Jenny Nicholl was murdered. Her murderer was convicted in 2008 but her body has never been found. Her mother, a constituent of mine, tells me that she received little support while suffering aggressive media intrusion and insinuations. Murder victims' families have no formal status in court, are offered no protection from the media and, on average, incur costs of £113,000. Mrs Nicholl found the Victims' Commissioner a strong supporter and champion. To whom should she turn now?

Mr Clarke: When Louise Casey was Victims' Commissioner, she advised me strongly on giving more resources to the support of bereaved families, and I thought that her advice that we should target our support to victims and their families was very sensible. We are working on that and will continue to do so. I propose to publish a consultation document on a general victims package covering a wide range of areas, and I can assure the hon. Lady that in all our work we intend to give even greater emphasis to the importance of looking after victims, as well as getting justice in their cases.

Tony Lloyd (Manchester Central) (Lab): The outgoing Victims' Commissioner, Louise Casey, referred specifically to the needs of children as witnesses and victims in the criminal justice system. How will the Justice Secretary work with the new Victims' Commissioner to ensure that proper protections are given to vulnerable children in that situation?

Mr Clarke: I can assure the hon. Gentleman that I will do that. We have made great progress in this country in recent years, including under the previous Government, on giving proper support to witnesses who have to appear in court. Obviously, it is most important to look after the most vulnerable witnesses, including children, who can be intimidated by the experience. We are looking at what we have in place now, and we hope to strengthen the arrangements.

Drug Use (Prisons)

4. **Jo Swinson** (East Dunbartonshire) (LD): What steps he is taking to tackle first-time drug users in prisons; and if he will make a statement. [86097]

The Parliamentary Under-Secretary of State for Justice (Mr Crispin Blunt): Drug misuse in prisons has declined by 71% since the introduction of mandatory drug testing in 1996. The latest results from the surveying prisoner crime reduction study suggest that 7% to 8% of prisoners had their fist use of heroin in custody, while 81% had used drugs in the year before custody. The steps to tackle drug use include drug-free wings and drug-recovery wings; procuring a networked intelligence system; a comprehensive corruption-prevention strategy; new technology to tackle the availability of drugs and phones in prisons; and building on existing prison security measures.

Jo Swinson: I thank the Minister for that answer, but the fact that any prisoners first try heroin while in prison is shocking. The very concept of "drug-free wings" shows just how bad the situation has become. Will he undertake a thorough review of the supply routes by which drugs are getting into prisons—via visitors, staff or the mail system—and act to cut them off, so that all our prisons can be drug-free?

Mr Blunt: The hon. Lady is right, although the position has been historically improving over the past 16 years or so, and one should remember that prisons

are mini-communities, with a high volume of legitimate communication with, and access to, the outside world. Prisons cannot be hermetically sealed, and she drew attention to the many different routes through which drugs are smuggled. However, we of course examine all the routes into prison, and act to interdict and address them with the resources available to us, including new technology.

Mr David Hanson (Delyn) (Lab): The Minister will know that funding for drug treatment in prisons under the Labour Government rose by 15 times, to £112 million in the year they left office. Will he guarantee that that resource will be maintained throughout the spending review? Will he also tell us how many body orifice scanners are now in place, following the Labour Government's commitment to put one in every prison?

Mr Blunt: I hope that it will be of some comfort to the right hon. Gentleman to know that that budget is now the responsibility of the Department of Health. As it is not under the same financial constraints as the Ministry of Justice—we are having to play our part in addressing the economic mess that we inherited from the last Administration—that budget will be sustained.

Rehabilitation

5. **Nick de Bois** (Enfield North) (Con): What recent discussions he has had with representatives of employers and training organisations to develop his policy on rehabilitation. [86098]

9. **Margot James** (Stourbridge) (Con): What recent representations he has received on promoting links between employers and prisons for the purposes of improving skills among prisoners and increasing employment opportunities on release. [86103]

The Minister for Policing and Criminal Justice (Nick Herbert): Promoting links with employers and business is central to our plans to make prisoners work and improve rehabilitation. We have established a business advisory group, which meets regularly to advise Ministers and officials on how to increase both work in prisons and private sector involvement.

Nick de Bois: Will the Minister extend the good practice shown by the National Grid young offender programme? About 1,000 graduates from the scheme have been released from prison into real jobs, which has led to single-figure reoffending rates.

Nick Herbert: I share my hon. Friend's enthusiasm for that programme. The National Grid young offender programme is a really good model of effective engagement with the private sector. I would particularly commend Dr Mary Harris, its director, who has driven it energetically. The programme has recently been extended to two prisons in Wales and one in the west midlands, and we would like to do more with it.

Margot James: It is well known that employment is the most significant determinant of effective rehabilitation. Will my right hon. Friend update the House on his plans to incentivise Jobcentre Plus, Work programme providers, further education colleges and local employers to get involved and maximise the number of job opportunities available to ex-offenders?

Nick Herbert: My hon. Friend is absolutely right. Finding a job on release plays a significant part in reducing the reoffending of prisoners. That is why we have worked with the Department for Work and Pensions to ensure that prisoners being released who are eligible for jobseeker's allowance will be mandated immediately on to the Work programme. We are also re-commissioning learning and skills in prisons. One of the main objectives is to ensure that learning focuses far more on employability, and our employers forum will encourage employers of all sizes.

Ann Clwyd (Cynon Valley) (Lab): A constituent of mine aged 60 was offered a job recently as a handyman in a care home and his Criminal Records Bureau check was called for. It showed that he stole a bag of coal in 1983, 28 years ago, and the job offer was withdrawn. I would allege that this had no relevance at all to the job that he was offered, so will the Government look again at the use of CRB checks?

Nick Herbert: We are reviewing the Rehabilitation of Offenders Act 1974. We have to strike the right balance between protecting the public and ensuring that those whom we want to resettle in society and get the right kind of work are able to do so.

Heidi Alexander (Lewisham East) (Lab): Earlier today I visited Bronzefield women's prison in Surrey with my hon. Friend the Member for Darlington (Mrs Chapman). We observed a financial literacy course run by Principles in Finance. What plans does the Minister have to increase the amount of financial training available in prisons, given the link between debt and reoffending?

Nick Herbert: I mentioned that we have re-commissioned the provision for skills with a focus on employability. That must be the right approach. It is important to address the causes of offending to establish whether this is one of them and to ensure that we have proper programmes of rehabilitation in prison that will support people on their release to enter the world of work and responsibility.

Mike Crockart (Edinburgh West) (LD): Does the Minister agree that literacy is a key part of any rehabilitation strategy? Will he update us on what the Government are doing to tackle poor literacy, not only to help the future employment opportunities of those convicted, but to increase the prospects for work within prisons to be meaningful and transformative?

Nick Herbert: Again, this is an area where we seek to improve provision. There is, of course, a role here for the state, but, as I mentioned last time, there is a role for voluntary groups as well. I mentioned the excellent Toe By Toe scheme, which uses former offenders or prisoners to encourage literacy and to teach skills to others. There is a very high correlation between illiteracy and the learning difficulties of prisoners in our jails. We need to address those issues if prisoners are to have a chance of not reoffending on release.

Probation Services

6. **Kelvin Hopkins** (Luton North) (Lab): When he expects to announce his proposals on the reform of probation services. [86099]

The Parliamentary Under-Secretary of State for Justice (Mr Crispin Blunt): The first stage of our work to look at the future of probation services in England and Wales is nearing completion. This work requires careful consideration and has been taken forward with valuable input from trusts and other key probation stakeholders. For example, I met Probation Association chiefs last week and this morning I had meetings with the probation trade unions. We expect to announce our probation reform proposals alongside those for community sentences early in the new year, and we will then consult widely.

Kelvin Hopkins: Given that probation staff are experiencing major cuts in their budgets, will the Minister explain how he expects them to do more with less? Are not Government policies going to cause serious damage to the probation service?

Mr Blunt: No, Government policies are going to improve the probation service. If the hon. Gentleman looked at the probation budget, he would see that the position of probation has been substantially protected relative to the demands being placed on the overall budget of the Ministry of Justice.

Sir Alan Beith (Berwick-upon-Tweed) (LD): What is the Minister doing to make sure that probation officers' work with prisoners is not undermined by prisoners being moved from prison to prison for no very good reason or for entirely administrative reasons?

Mr Blunt: We are trying to give the notion of prison clusters much greater prominence. The right hon. Gentleman will have seen that the OLASS—Offender Learning and Skills Service—review presages a situation in which prison clusters would procure education and skills training, and that should reflect the prisoner journey. We want to have a prison estate that is not under the enormous pressure it is under now—due to the terrible situation we inherited—so that we can get prisoner journeys from local prisons through to resettlement prisons, while both getting support from offender management and delivering programmes.

Mrs Jenny Chapman (Darlington) (Lab): Justice Ministers give every impression of treating their Department as a policy adventure playground in which constant experiments in rhetoric lead to predictable U-turns and confusion. The probation service supervises some of the most dangerous individuals in our community and uncertainty now grows in this service, too, as the Minister decides whether to privatise all probation functions or just some of them. Does he consider any probation service functions, such as court reports, to be unsuitable for privatisation?

Mr Blunt: I am afraid that the hon. Lady will have to contain her impatience until we make a comprehensive statement—*[Interruption.]* The right hon. Member for Tooting (Sadiq Khan) intervenes from a sedentary position, but a proper statement will be made to this House early in the new year.

Victim Support

7. **Jessica Morden** (Newport East) (Lab): What steps his Department is taking to support victims. [86101]

The Lord Chancellor and Secretary of State for Justice (Mr Kenneth Clarke): In the current financial year, the Ministry of Justice is providing funding of approximately £50 million to voluntary sector organisations that support victims of crime. We intend to launch a consultation soon on proposals that will ensure that victims of crime are supported in the best way possible.

Jessica Morden: The anniversary of the terrorist attacks in Mumbai was on 26 November. In 2010 the innocent victims of overseas terrorism were led to believe that they would receive compensation, but they are still waiting. What is the Secretary of State doing to resolve the matter?

Mr Clarke: I will make announcements on what we propose to do for the victims of terrorism when we produce our package on victim support generally. We will certainly produce a package, and we will respect the previous Government's proposal of an interim award for those injured in incidents such as that in Mumbai.

Esther McVey (Wirral West) (Con): Delays to cases caused by defendants not appearing in court can be very distressing for victims. What guidance is given to the court to continue with the trial in the absence of the defendant?

Mr Clarke: This is the second reference in questions to delays in court, which cause immense inconvenience and sometimes considerable distress to witnesses and others, as well as to the victims of crime. We are looking urgently at how to improve the efficiency of the system and how best to proceed if people fail to co-operate. It is always possible to proceed with a trial in the absence of the defendant, but only once the judge is satisfied that the interests of justice will not be prejudiced. There is no point in starting a trial only for it to have to be started a week or two later when it is challenged.

Commercial Rent Collections

8. **Mike Freer** (Finchley and Golders Green) (Con): What steps he is taking to reform the role of bailiffs in commercial rent collections and repossessions; and if he will make a statement. [86102]

The Parliamentary Under-Secretary of State for Justice (Mr Jonathan Djanogly): The Government have given a commitment to provide more protection against aggressive bailiffs. Although there are no plans to reform the role of bailiffs in repossessions, the Government are considering replacing the existing common law right for a landlord to distrain for arrears of rent with a modified out-of-court regime for recovering rent of commercial premises. We will announce details of a full public consultation in due course.

Mike Freer: I thank the Minister for that answer. Will he confirm that the consultation will include representatives of landlords and not just those of tenants?

Mr Djanogly: Of course. It is vital that we ensure that our proposals for transforming bailiff action do not impose unreasonable burdens on business. To that end, we are undertaking further work to explore all the regulatory and non-regulatory options available.

Magistrates Court Trials (Merseyside)

10. **John Pugh** (Southport) (LD): How many trials in magistrates courts in Merseyside were abandoned or deferred due to the non-appearance of either defendants or witnesses in the last year for which figures are available; and if he will make a statement. [86105]

The Parliamentary Under-Secretary of State for Justice (Mr Jonathan Djanogly): In the last 12 months—from July 2010 to June 2011—for which data are available, there were a total of 5,239 trials in magistrates courts in Merseyside. Of those, 615, or 12%, did not go ahead on the day due to the absence of a witness, while 151—3%—did not go ahead due to the absence of a defendant.

John Pugh: In recognising the problem, does the Minister think that it will be made worse by the closure of magistrates courts in places such as Southport, and will he monitor the situation?

Mr Djanogly: We are certainly monitoring the situation, and I do so virtually on a weekly basis. Since 2009, until closure, Southport courts sat on three days per week. The court utilisation figure prior to consultation on closure was 33%. Since the work was transferred to Bootle courts, the utilisation level of Bootle has increased from 49% to 68% for the month of October 2011.

Dr William McCrea (South Antrim) (DUP) *rose—*

Mr Speaker: Ulster is a little way away, but I am sure that it is not beyond the ingenuity of the hon. Gentleman to relate his supplementary to Merseyside.

Dr McCrea: Absolutely, Mr Speaker. Will the Minister tell us whether any figures are available on the cost to industry and individuals in Merseyside, when witnesses attend court proceedings only to be told later in the day that they can go home because the proceedings cannot go ahead?

Mr Djanogly: I cannot do so off the top of my head, but I will write to the hon. Gentleman. There might be good reasons for such occurrences, such as someone entering a guilty plea, as well as bad reasons. The situation is complicated.

Legal Aid

11. **Karl Turner** (Kingston upon Hull East) (Lab): What assessment his Department has made of the potential effects on women of planned changes to legal aid. [86106]

18. **Kate Green** (Stretford and Urmston) (Lab): What assessment his Department has made of the potential effects on women of planned changes to legal aid. [86115]

The Parliamentary Under-Secretary of State for Justice (Mr Jonathan Djanogly): The Government published an equality impact assessment alongside our response to consultation, which laid out the best assessment of the effects on women of planned changes to legal aid. That recognised the potential for the reforms to impact on a greater proportion of women, alongside others featuring protected characteristics.

Karl Turner: There have been reports in the media that the Deputy Prime Minister is to announce a consultation on the definition of domestic violence. Will the Minister explain how it accords with the narrow definition in the Legal Aid, Sentencing and Punishment of Offenders Bill, which will exclude many women from the legal support that they need and will, I believe, put a number of them at serious risk?

Mr Djanogly: As the hon. Gentleman says, there is to be a consultation on domestic violence, although I believe that it will be undertaken by the Home Office rather than the Deputy Prime Minister. We will look carefully at the results of the consultation, but the definition of abuse in the Bill is broad and comprehensive, and includes mental as well as physical abuse.

Kate Green: What steps is the Minister taking to protect women who are victims of domestic violence from the risk of aggressive and unfair questioning in the courts by abusive partners, given the likelihood of an increase in the number of litigants appearing in person as a result of the legal aid cuts?

Mr Djanogly: I believe that some 50% of respondents are currently not represented through legal aid. As a consequence, the circumstances that the hon. Lady describes are common in our courts, and our judiciary are expert and accustomed to dealing with them when they arise.

Miss Anne McIntosh (Thirsk and Malton) (Con): Most women, in particular, depend on legal aid cases when starting out in practice. As a non-practising advocate, may I ask my hon. Friend whether the changes will affect the number of women entering the profession, and whether it is likely that the early stages of legal aid cases will be replaced by mediation?

Mr Djanogly: We are certainly promoting mediation as an alternative to court. That is always to be recommended when it is appropriate, which I admit is not always the case. The impact on providers in terms of their sex varies according to the nature of the organisations involved and the nature of the work being undertaken, but there is no real difference between the impacts on male and female solicitor providers of either civil or criminal legal aid services.

Mr David Nuttall (Bury North) (Con): Did the impact assessment also cover the potential effect of the legal aid changes on men?

Mr Djanogly: By implication, yes.

Mr Andy Slaughter (Hammersmith) (Lab): The press were, of course, briefed on the domestic violence review before the House was. It was clearly stated at the weekend that the Deputy Prime Minister would undertake it, but perhaps he cannot be found now, which is why the Home Office will be in charge.

If the purpose of the review is to broaden the ambit of what constitutes domestic violence, why are the Department and the Secretary of State narrowing not just the definition but the evidential criteria, so that whether a woman is supported by a GP or hospital doctor or by a refuge, she will no longer be able to obtain legal aid?

Mr Djanogly: We have no intention of narrowing the definition, and we do not believe that the definition in the Bill does that. I can say, however, that our policy is to end legal aid for most private family law applications relating to, for instance, divorce, ancillary relief and child contact. The main exception is legal aid in domestic violence cases, which we are anxious to retain.

Health and Safety

12. **John Mann** (Bassetlaw) (Lab): What assessment he has made of the level of compliance by local authorities with the requirements of his Department on health and safety in cemeteries. [86107]

The Parliamentary Under-Secretary of State for Justice (Mr Jonathan Djanogly): Responsibility for health and safety in local authority cemeteries lies with the relevant council. The Department published guidance on the safety of burial ground memorials in 2009 and burial authorities have been encouraged to take account of it, but there are no plans to initiate individual assessments of compliance.

John Mann: The Minister says that there are "no plans". Luckily, the new administration in Bassetlaw council has dug up the stakes that were put in by the last Conservative administration, at huge cost to the taxpayer. Why are the Government not sorting out the abuse of a change in the regulations that was made in 2009? Local authorities across the country are still doing nothing about it, much to the disgust of those who visit cemeteries.

Mr Djanogly: The hon. Gentleman's expertise in this area is renowned, so perhaps I can write to him on the specifics of the cemetery in his constituency. I just point out to him that the Ministry of Justice has no responsibility for health and safety in local authority cemeteries.

Disability Hate Crime

13. **Mr Robert Buckland** (South Swindon) (Con): If he will bring forward proposals to extend the power of the Attorney-General to refer unduly lenient sentences to the Court of Appeal for crimes aggravated by hostility towards disabled people. [86108]

The Lord Chancellor and Secretary of State for Justice (Mr Kenneth Clarke): We have no plans to extend the Attorney-General's powers in this field at present. However, as my hon. Friend will be aware, we are considering this issue carefully in formulating our response to the recommendations of the Equality and Human Rights Commission's inquiry into disability-related harassment.

Mr Buckland: More work needs to be done to ensure that existing provisions allowing for longer sentences where offences are aggravated by disability hate are applied consistently. Would extending the Attorney-General's powers of reference not help to establish greater consistency in sentencing?

Mr Clarke: I agree with my hon. Friend that this is an important area, because it is a particularly nasty element of crime when violence or something of that kind is provoked by hostility to a disabled person because of their disability. Sentencing guidelines already provide that this is an aggravating feature when someone is sentenced. Of course, if the Attorney-General uses his existing powers to appeal a lenient sentence, he can include cases where disability is a feature, for example, in an assault occasioning grievous bodily harm or something of that kind. But we are looking at the point again at the moment and I will bear my hon. Friend's comments in mind.

Mr Tom Clarke (Coatbridge, Chryston and Bellshill) (Lab): Will the Justice Secretary consider introducing offences on disability hate crime and other hate crime, including incitement, along the lines of the legislation that rightly exists on racially aggravated crime?

Mr Clarke: That is an option. Of course, as I say, offences provoked by prejudice against disabled people are regarded as hate crimes and this is an aggravating feature in sentences, but we are examining the whole area. We have to make sure that we do not overcomplicate sentencing, because if we keep thinking of things that make the most serious offences even more serious, we threaten the consistency that has been described. However, the right hon. Gentleman makes an important point and we are reviewing this field in the light of the report we have received.

Paul Maynard (Blackpool North and Cleveleys) (Con): Will the Secretary of State examine the possibility of extending the concept of disability hate crime to include disability by association, thereby bringing the concept into line with the other measures in the Equality Act 2010? If he does not do that, cases such as that of Fiona Pilkington will not count as disability hate crime as she herself was not disabled.

Mr Clarke: I shall consider that point in the course of the work we are doing at the moment, but I do not want to encourage my hon. Friend too far because overcomplicating this does not necessarily help. What is important is that sentences should be allowed to reflect, in the most appropriate and consistent way, the disgust that the ordinary public feel when a crime is motivated by prejudice against a disabled person. It does make a crime even more serious than it would otherwise be.

John Cryer (Leyton and Wanstead) (Lab): I agree with a lot of what the Secretary of State says, but not with his claim that this move would overcomplicate things. One single principle underpins all hate crime: the principle of intent. If that principle applies in respect

of one group, does it not apply in respect of other groups, for example, racial groups or the victims of homophobic crime?

Mr Clarke: The hon. Gentleman is quite right to say that the intent of the offender makes for a particularly unpleasant version of whatever crime it is we are talking about. I will certainly consider the hon. Gentleman's points, just as I have said I will those made by other hon. Members, in the course of seeing whether the law needs any further improvement, but I think that sentences do already reflect the fact that it is a serious aggravating feature of crime if prejudice against disabled people is involved.

Court Proceedings (Broadcasting)

14. **Christopher Pincher** (Tamworth) (Con): What plans he has to permit the broadcasting of court proceedings. [86110]

The Lord Chancellor and Secretary of State for Justice (Mr Kenneth Clarke): I am very clear that we must not allow our courts to become theatre; filming will be of judges' remarks only. Victims, witnesses—wait a minute, wrong answer!

We are planning to legislate, as soon as parliamentary time allows, to remove the ban on cameras in courts, subject to certain safeguards, and we are working closely with the Lord Chief Justice on achieving this. Initially, we will allow judgments in the Court of Appeal to be broadcast for the first time, and will expand this to the Crown court in due course. We will not allow filming of juries, victims and witnesses under any circumstances.

If any supplementary question should resemble the point I have just replied to, I assure you, Mr Speaker, that I will use my own words in replying to it.

Christopher Pincher: I am grateful to my right hon. and learned Friend for both answers. I quite agree with him that justice, if it is to be seen to be done, must not be seen to be fun. Will he say how he intends to safeguard court officials and lawyers from unwanted attention?

Mr Clarke: I share all my hon. Friend's reservations about going too far. The judge, when he gives a sentence or a judgment, is a public official performing a public function; his words can be quoted, he will be reported and there is no real reason why he should not be filmed. The other people involved, I think, need to be protected because, otherwise the whole nature of the proceedings will be changed, some people will be intimidated and some people's behaviour will be affected.

Chris Bryant (Rhondda) (Lab): I note that the Justice Secretary said that the words he used earlier were not his own, whereas these now are.

One thing that really upsets victims is when the defence lawyer, having already admitted guilt on behalf of his client and going to mitigating circumstances, suddenly launches into a major attack on the victim of the crime, thereby, I believe, abusing privilege. Will the Justice Secretary ensure that that is not available for public consumption?

Mr Clarke: If taken too far, that can be stopped. Of course the lawyer is entitled to put forward mitigation for his client after the plea, but I strongly disapprove, and I am glad the hon. Gentleman would too, of any attempt for this to be used for people to make allegations against the victims, for the defendant to make a theatrical display in the witness box, for the jurors' reactions to evidence to be filmed or anything of that kind. We are talking about the judgments and what is said as part of his official duties by the judge and, at this stage, I am not contemplating going any further.

Prison Places

15. **David Wright** (Telford) (Lab): What arrangements his Department has in place to manage any shortfall of prison places. [86111]

The Parliamentary Under-Secretary of State for Justice (Mr Crispin Blunt): On Friday 9 December, the prison population was 88,070 against a capacity of 89,413 places, providing headroom of 1,343 places. There are sufficient places for those being remanded and sentenced to custody. We keep the prison population under careful review to ensure that there is always sufficient capacity to accommodate all those committed to custody by the courts.

David Wright: Under Labour, we saw 27,000 more places provided in prisons and a modernisation of the prison estate. According to the Department's own figures, it looks as though the prison population will rise to somewhere around 95,000 over the next six years. Is it not a simple fact that the Government are not building enough prisons?

Mr Blunt: I recognise the figure of 96,000 as the projected prison population that we inherited on coming into office. As the hon. Gentleman will be aware, changes that this House has endorsed through the Legal Aid, Sentencing and Punishment of Offenders Bill, which is now in another place, will have an effect on that. In the end, all these numbers are estimates because it is our job to incarcerate those sent into custody by the courts. We will continue to do that, despite the evident frustration of the Opposition that we appear to be managing it rather more satisfactorily than they did.

Philip Davies (Shipley) (Con): May I tell the Minister not to be ashamed of sending more criminals to prison? In fact, my constituents will judge him on the basis that more criminals are sent to prison, not on more criminals being released from prison.

Mr Blunt: I hope that my hon. Friend will ultimately judge us on the effect we have both on crime and reoffending figures. When people are in the justice system, the effect on them should be when they leave it they are less likely to offend than when they came in.

Restorative Justice

16. **Caroline Lucas** (Brighton, Pavilion) (Green): What plans he has to use restorative justice to divert more children and young people away from the criminal justice system. [86113]

The Minister for Policing and Criminal Justice (Nick Herbert): The proper goal should be to divert people from crime. When offending takes place, the criminal justice system should respond effectively, and we are keen to promote restorative justice to deliver better outcomes.

Caroline Lucas: I thank the Minister, but the issue is that the Government's approaches to restorative justice for children are embedded in the youth justice system so they deal with children only once they are inside that system. Why are the Government not investing in diverting young people from the criminal justice system, for example by rolling out the very successful youth restorative disposal pilots?

Nick Herbert: We certainly want to make more use of restorative disposals, which can be valuable. They give greater victim satisfaction when the victim consents, and they can reduce reoffending. We have plans to announce more in relation to our neighbourhood justice proposals, which we will say more about at the beginning of next year. There have been many expressions of interest in that. The goal of the criminal justice system should be to deal with offending when it has taken place. I disagree with the contention that we should be diverting offenders from the criminal justice system. We should be diverting people from crime.

Mr Philip Hollobone (Kettering) (Con): The police in Kettering spend a great deal of time checking compliance with overnight curfews issued to repeat juvenile offenders. This could be solved by tagging those people, but local magistrates tell the police that they are prevented from doing that by sentencing guidelines. Will the Minister go away and have a look at those guidelines?

Nick Herbert: Yes, I am happy to go away and look at them.

Jeremy Corbyn (Islington North) (Lab): Does the Minister think that restorative justice and guiding people away from the criminal justice system would be a more appropriate way of dealing with the minority of young people who were peripherally involved in disturbances last August, rather than the large number of long sentences that have been handed out to them, with all the obvious consequences for them?

Nick Herbert: We do not see restorative justice as an alternative to the criminal justice system; we want to see it embedded in that system. The idea of offenders making amends to victims is a good one, but we have to remember that the figures show that three quarters of those brought before the courts in relation to the riots had previous convictions and that a quarter of them had been in prison before. Perhaps people were caught up in those riots, but a great number of those involved had been in trouble with the law before and we should remember that.

Road Accident Victims

17. **Simon Wright** (Norwich South) (LD): What recent representations he has received on securing justice for victims of road accidents. [86114]

The Parliamentary Under-Secretary of State for Justice (Mr Crispin Blunt): Following calls from road safety groups, victims and their families and from right hon. and hon. Members, we have added a new offence of causing serious injury by dangerous driving, which is subject to a five-year maximum prison sentence, to the Legal Aid, Sentencing and Punishment of Offenders Bill, which is currently being considered in another place. Since then, we have not received any further representations.

Simon Wright: I thank the Minister for his response and welcome the measures he is taking. Does he agree that in order effectively to deliver justice to victims of road accidents, we need sentencing powers that reasonably and consistently reflect the too often appalling consequences of driving offences?

Mr Blunt: I agree with my hon. Friend and no doubt that is why the House agreed to add that measure to the Bill.

Probation Services

19. **Roberta Blackman-Woods** (City of Durham) (Lab): When he expects to announce his proposals on the reform of probation services. [86116]

The Parliamentary Under-Secretary of State for Justice (Mr Crispin Blunt): I refer the hon. Lady to the answer I gave earlier to the hon. Member for Luton North (Kelvin Hopkins).

Roberta Blackman-Woods: I am sure the Minister is aware that Durham Tees Valley probation trust has been assessed as the top-performing trust by the probation trust rating scheme. Indeed, it was considered to be exceptional. What guarantee will he give that the reform of probation services will enable the good practice from Durham Tees Valley to be rolled out across the country and enable its front-line services to be protected?

Mr Blunt: Perhaps it is not a complete coincidence that Mr Sebert Cox, the chairman of the Probation Association, is also the chairman of the Durham Tees Valley probation trust. I had the pleasure of discussing these issues with him last week. Like the hon. Member for Luton North, the hon. Lady will have to contain herself until we come forward with our proposals early in the new year.

Topical Questions

T1. [86120] **Kelvin Hopkins** (Luton North) (Lab): If he will make a statement on his departmental responsibilities.

The Lord Chancellor and Secretary of State for Justice (Mr Kenneth Clarke): I recently launched a consultation on improving judicial diversity and appointments. The proposals include the following measures: first, looking to prefer the candidate from an under-represented background where candidates are essentially indistinguishable on merit; secondly, limiting fee-paid judges to three five-year terms; and, thirdly, introducing flexible working for the senior judiciary. Our aim is to deliver a judiciary that is reflective of our society, in which public confidence is enhanced and which retains its world-class quality.

Kelvin Hopkins: Given the recent mess that the Mayor of London made by using incorrect reoffending statistics, how can we be sure of the impact of payment-by-results models for probation if reoffending statistics are so unreliable?

The Parliamentary Under-Secretary of State for Justice (Mr Crispin Blunt): The hon. Gentleman is being a little harsh on the Mayor of London, who is a keen supporter, as am I, of the Heron unit in Feltham, to which he was referring, which does extremely good work. The hon. Gentleman is right to underline the importance of getting proper research and analysis to inform payment by results so that we in the Ministry of Justice and the taxpayer end up paying for outputs that deliver and not simply for inputs, which is how the position has been characterised in the past.

T2. [86122] **Margot James** (Stourbridge) (Con): Last month my right hon. and learned Friend prioritised the reform of the European Court of Human Rights during our chairmanship of the Council of Europe. Will he update the House on the steps that the Government are taking to restrain the Court's influence over laws and customs that are properly the affair of member states?

Mr Kenneth Clarke: We have had the chairmanship of the Council of Europe since 7 November, and my right hon. Friend the Foreign Secretary and I have been seeking to move forward our agenda of reforming the Court in due course. Indeed, I will be lobbying two more Ministers tomorrow at a meeting of the Justice and Home Affairs Council. We are seeking to get the Court to concentrate on the most important cases which require some international jurisdiction to get rid of the huge arrears of cases clogging it up at the moment, most of which are inadmissible, and to make sure that the national courts and national Parliaments discharge their primary duty of delivering the convention.

Sadiq Khan (Tooting) (Lab): Perhaps the Justice Secretary will advise his right hon. Friend the Foreign Secretary not to walk out of those talks while he is chairing them, if he does not get what he wants in the first few weeks. The Justice Secretary will be aware that the number of prison places is now just below 90,000. It has gone up over the past 18 months as a consequence of doubling up prisoners in prison cells and as the previous Government's investment in capital programmes comes on stream. At the last Justice questions, the right hon. and learned Gentleman refused to answer my simple question about whether he thought prisoner numbers would go up, go down or stay the same, which is crucial for planning. He said that anybody who tried to predict prisoner numbers was "an idiot". May I ask him another simple question? Perhaps he will rest the bluster and answer the question. Is he making plans for the usable operational capacity to go up, go down or stay the same during this Parliament?

Mr Clarke: The right hon. Gentleman's remarks might best be addressed to Ministers in the previous Government, who obviously made some errors somewhere when they found that they had to release 80,000 prisoners before they had completed their sentence because they had no room for them on the prison estate. We are maintaining capacity to meet whatever demand we face from the courts. What I said last time, from which the right hon. Gentleman took the slightest extract, was that we respond to the decisions of the courts, we respond to the level of crime, and at present we have managed—[Hon. Members: "Have the numbers gone up or down?"] They have gone up. It is possible that with the prolonged recession and the long period of youth unemployment, there will be an increase in acquisitive crime. If that is the experience that we have in this country, we are responding to that. The Prison Service is responding very well to it at the moment, though of course we have to adjust the capacity of the estate.

Sadiq Khan: One way of reducing cost to the British taxpayer and at the same time increasing prison places is by removing the thousands of foreign prisoners in British prisons. May I refer to the European Union and events last week? Last week the European Union framework directive on prisoner transfers, negotiated and signed by the Labour Government, who stayed in the room and argued for our national interest and got a good agreement, came into force. Fifty prisoner transfer agreements with other nations were also negotiated by the last Government. When will the Justice Secretary be able to negotiate successfully this Government's first prisoner transfer agreement, and how many nations does he expect the Government to sign agreements with during this Parliament, or is it the case that in addition to failing to repatriate any powers from Europe, this Government will fail to repatriate any foreign prisoners from this country?

Mr Clarke: Again, under the last Government the number of foreign prisoners in our jails soared until the Government eventually managed to stabilise it. We are maintaining roughly the same level of deportation of foreign prisoners who complete their sentence as was maintained under the previous Government. The new European arrangements have come into force, but not many states are yet ready to implement them. We are ready to implement them and they will provide some help. We are of course seeking to negotiate agreements with other Governments, but it requires the other Governments to be willing to undertake an obligation to take prisoners repatriated from this country.

T3. [86123] **Mr David Ward** (Bradford East) (LD): I am sure that we all welcome efforts to help reformed offenders back into work so that they can make a positive contribution to society, but one major barrier will always be the perception that employers hold of offenders. What changes does the Minister plan to make to the Rehabilitation of Offenders Act 2010 to overcome that barrier? As part of the process, will he also look at reducing the number of professions that are exempt from the disclosure limits on sentences?

Mr Clarke: We propose to make changes to the Rehabilitation of Offenders Act in order to make some offences spent earlier and to ensure that those who really have put their convictions behind them are not inhibited in getting fresh employment by having to disclose them. That is, I know, a Liberal Democrat enthusiasm, and my noble Friend Lord McNally will introduce amendments to the Legal Aid, Sentencing and Punishment of Offenders Bill, currently in the House of Lords, very shortly, setting out the details of what we propose.

T6. [86126] **Debbie Abrahams** (Oldham East and Saddleworth) (Lab): The Justice Secretary will be aware that last Saturday was international human rights day. What is he doing to dispel the myths and misconceptions about the functioning of our Human Rights Act 1998?

Mr Clarke: I think there have been one or two colourful occasions when I have helped to dispel some of the misconceptions about the Human Rights Act, but I of course await the advice of the commission, which the Government have set up to advise us on those matters, so that we can decide whether a better way of complying with our obligations under the convention might be a Bill of Rights rather than the Human Rights Act. But there is no doubt: this Government will seek to abide by their full obligations under the convention on human rights.

T4. [86124] **Nigel Mills** (Amber Valley) (Con): I am sure the Under-Secretary of State for Justice, my hon. Friend the Member for Huntingdon (Mr Djanogly), will join me in paying tribute to the work of the citizens advice bureau in Amber Valley. What progress has he made in his discussions with the Cabinet Office to secure future funding for such centres?

The Parliamentary Under-Secretary of State for Justice (Mr Jonathan Djanogly): The Cabinet Office is working on two fronts: first, in relation to an immediate payment to not-for-profit organisations; and, secondly, in relation to a longer-term proposal to look at transitional arrangements for those bodies. The MOJ supports both.

T8. [86128] **Tom Blenkinsop** (Middlesbrough South and East Cleveland) (Lab): How many EU foreign nationals currently in English and Welsh prisons does the Secretary of State expect to be repatriated to their country of origin in the next 12 months?

Mr Blunt *rose—*

Sadiq Khan: Give us a figure.

Mr Blunt: The hon. Gentleman's right hon. Friend may intervene from the Front Bench, but of course it is not possible to give a precise figure. The answer is that it will be as many as we can administratively deliver, and that it has to be done in co-operation with the receiving countries.

T5. [86125] **Mr Laurence Robertson** (Tewkesbury) (Con): Given that murder is a crime different from any other, does the Secretary of State agree that the only appropriate punishment for the crime of murder is, indeed, a life sentence?

Mr Kenneth Clarke: The Government have no intention of reopening that question at the moment, and the vast majority of Members would not contemplate changing the current arrangements, as my hon. Friend has described.

Mr Speaker: Order. May I ask the Secretary of State to face the House? We all want to be the beneficiaries of his eloquence.

Paul Goggins (Wythenshawe and Sale East) (Lab): What action does the Justice Secretary intend to take against offenders who receive a community sentence instead of a prison sentence and then use social media to boast that they have "got away with it"? I am thinking in particular of comments posted on Facebook yesterday by Ryan Girdlestone, who mocked the court within minutes of receiving a restraining order for his part in a vicious attack on my constituent, Bernard O'Donnell, a man in his 80th year. Is that not sheer contempt for the court, and should he not be held to account?

Mr Clarke: I think that we had both better take legal advice on whether such behaviour amounts to contempt of court, but one of the things we are addressing is how we can make community sentences more effective. They have to contain an element of genuine punishment in most cases, and also of course be rehabilitative, but such an example is very offensive to victims and to the general public. Community sentences as a whole, however, have a very good record of improving the reoffending rate and deterring some people from wanting to commit crime again.

T7. [86127] **Andrew Rosindell** (Romford) (Con): The Lord Chancellor will know that one of his responsibilities is to take care of the British Crown dependencies, so perhaps he will explain why, even today, they are not represented in the Commonwealth, have no seats at the Commonwealth Heads of Government meeting and have no status at all. Will he take the matter forward to ensure that all our Crown dependencies are given the status and the recognition that they rightly deserve?

Mr Clarke: I shall take my hon. Friend's comments on board and consult my right hon. Friends the Prime Minister and Foreign Secretary on whether the composition of the Commonwealth might be readdressed in that way. I assure my hon. Friend that my Department and my noble Friend Lord McNally take very seriously our responsibilities towards the Crown dependencies.

Mr Brian H. Donohoe (Central Ayrshire) (Lab): Earlier this year, I put down a parliamentary question about employment tribunals. I was told that information on the length of time was not held centrally. Subsequently, I have discovered that there is such information, but that it does not show what the Government intend to do, which is to extend the period in which a person has the right to apply to an employment tribunal. Why do the Government continue to drive such a policy when they do not have that information and there is no right to it?

Mr Djanogly: I should say that that is a Department for Business, Innovation and Skills policy. However, I can tell the hon. Gentleman that the Government's policy is that fewer people should go to tribunals in the first place. That is why we are encouraging people to go to ACAS in all circumstances before they go to the tribunal. That is what we have been consulting on.

Robert Halfon (Harlow) (Con): Is my hon. Friend aware that 40% of prisoners were excluded from school? Will he work with the Department for Education and charities such as Catch22, based in my constituency, which do so much to get young people off the conveyor belt to crime?

Mr Blunt: My hon. Friend has alighted on a particular problem. We need a policy of social justice and early intervention that begins to address such problems before people in that situation turn to crime and end up in the criminal justice system.

Paul Blomfield (Sheffield Central) (Lab): Last Friday, the Government equality unit announced that the Equality and Human Rights Commission funding for discrimination casework in law centres would end in March 2012 and that discussions would begin for replacement arrangements from April 2013. How do the Government plan to support victims of discrimination in the intervening 16 months and thereafter?

Mr Djanogly: I assure the hon. Gentleman that there are no proposals to end legal aid for discrimination cases. I think he is confusing that with the Government's wider decision to delay the legal aid changes by six months.

Tessa Munt (Wells) (LD): Sadly, James Herbert, a 25-year-old resident of Wells, died in police custody on 10 June 2010. The Independent Police Complaints Commission investigated and made six recommendations to the police. The coroner is holding an inquest and will consider a verdict of unlawful killing. Avon and Somerset police will have full access to taxpayer-funded legal representation, but James's family have been refused such funding on the basis that they should use a local solicitor, should not need much preparation and can use their small savings to fund the case. Will the Secretary of State meet me to discuss the Legal Services Commission's rejection of James's parents' application for help?

Mr Speaker: I am extraordinarily, almost inordinately, grateful to the hon. Lady, but before the Minister replies I am wondering whether proceedings are still active. The hon. Gentleman answering from the Treasury Bench might want to take account of that in framing any reply, with the due caution that we have come to expect of Ministers in general and lawyers in particular.

Mr Djanogly: Thank you, Mr Speaker. I will not comment on the case itself, but if my hon. Friend wants a general discussion on the legal aid attaching to the case, I will be happy to have it.

Several hon. Members *rose—*

Mr Speaker: Order. I am sorry, but demand has exceeded supply. We now come to points of order.

Points of Order

3.33 pm

Jim Shannon (Strangford) (DUP): On 6 December, during questions to the Chancellor of the Exchequer, an hon. Member used language—confirmed by *Hansard*—that was unsavoury, blasphemous and, many feel, unparliamentary. I have spoken to you about that, Mr Speaker, and out of courtesy and good manners I have made the hon. Member aware of my intention to bring this matter to your attention. Can you, Mr Speaker, look at this matter, check *Hansard* and request that the hon. Gentleman withdraw the remarks and terminology used on that day?

Mr Speaker: I thank the hon. Gentleman for his courtesy in giving me notice of his intention to raise his point of order. Moderation and courtesy are, as we all know, required of the language used in the Chamber. I think that that courtesy should extend to sensitivity to and respect for the religious convictions and sensibilities of other Members and of all those listening to and reading our proceedings. It would be desirable for all hon. Members to bear that in mind, even—perhaps especially—in the heat of the moment. I intend to leave the matter there, but I hope that I have been helpful to both the hon. Gentleman and the House.

Ian Austin (Dudley North) (Lab): On a point of order, Mr Speaker. I have let the hon. Member for Cannock Chase (Mr Burley) know that I would be raising in the House his participation in a dinner in France over the weekend before last at which guests toasted the Third Reich and chanted "Hitler, Hitler, Hitler." These disgraceful events are now being investigated by the French judiciary. May I ask whether it is in order for the hon. Gentleman to retain his position as a member of the Government and for the Prime Minister to have taken no action?

Mr Speaker: I am grateful to the hon. Gentleman. I was not sure how the matter related to the authority of the Chair, but he has raised his concern about conduct outside the Chamber and placed his concern on the record. He will know that membership of the Government, at whatever level, is—perhaps I should say thankfully—not a matter for me.

Huw Irranca-Davies (Ogmore) (Lab): On a point of order, Mr Speaker. I apologise for not giving you notice of my point of order, but in the past few minutes I have given a transcript to the Clerks so that they can give you suitable advice.

A very welcome improvement in the transparency of Government and Parliament has been the publication on departmental websites of the officially recorded meetings that Ministers have with organisations and individuals from the business, public and third sectors. That helps to give the public a feel for who has the ear of Ministers, for good or bad. While it is not a substitute for a proper overhaul of access through lobbyists, and neither does it preclude less official access, as we have seen in recent months, it has helped to some extent with transparency for the public and also for parliamentarians in this House.

Having turned my attention to the recent meetings of such groups and individuals over the past year or so, I am surprised to see a very wide divergence in approach between Departments. Some produce a rolling, live, updated register of meetings with Ministers; some produce a list retrospectively every three or six months; and some run for up to a year before being updated. Indeed, the No. 10 Downing street website has only this week updated its list of meetings, which had not been updated since March 2011. That is surely unconnected with the written parliamentary question that I tabled on 12 December.

Could you give any guidance, Mr Speaker, for Members about the frequency and timeliness of information on meetings with Ministers, as we need to know not only who has been meeting Ministers but to know that information in a timely manner, so that it is of use to us and to our constituents?

Mr Speaker: The short answer is no. I am an enthusiast for timeliness where Government replies to parliamentary questions are concerned; that is a legitimate preoccupation of the Chair. Timeliness in this context is not a matter for the Chair at all. However, Ministers will have heard the hon. Gentleman's point. I am sure that he will be gratified that both the Leader of the House and the Deputy Leader of the House are on the Front Bench. I hope that that is helpful to him.

BILL PRESENTED

Passive Flue Gas Systems (Strategy)

Presentation and First Reading (Standing Order No. 57)

Martin Caton, supported by Mr Don Foster, Heidi Alexander, Caroline Lucas, Lorely Burt, Kelvin Hopkins, Bob Russell and Joan Ruddock presented a Bill to require the Secretary of State to prepare and publish a strategy for the promotion of passive flue gas heat recovery systems; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 20 January, and to be printed (Bill 261).

Public Festivals, Holidays and Commemorations

Motion for leave to bring in a Bill (Standing Order No. 23)

3.38 pm

Andrew Rosindell (Romford) (Con): I beg to move,

That leave be given to bring in a Bill to require the Secretary of State annually to prepare and publish a list of the festivals and commemorations which will take place in the year 10 years after publication; to indicate which days will be designated as Bank or Public Holidays; to make provision to enable local communities to observe significant occasions; and for connected purposes.

The United Kingdom has a rich tradition of commemorations and festivals, all of which are rooted in the history of these islands, with origins that date back centuries. Indeed, the British Isles are steeped in tradition, and in every part of the kingdom special days in the calendar are celebrated with pride by people up and down the land, as they are in each and every one of Her Majesty's realms, dependencies and territories.

British festivals, celebratory days and commemorations are often founded on the Christian heritage of these islands, such as Christmas day, Easter Sunday, Good Friday, Palm Sunday, Ascension day and Epiphany. Others are royal anniversaries such as the Queen's birthday, accession day, coronation day, the Queen's wedding anniversary and special events such as the diamond jubilee, a truly historic occasion that we will all celebrate with great pageantry in 2012. There are also state occasions such as the state opening of Parliament and trooping the colour.

Then, of course, there are those occasions dedicated to our proud military history, such as Trafalgar day, Waterloo day, D-day, VE-day, VJ-day, Battle of Britain day, Armistice day and of course Remembrance Sunday and Armed Forces day. I believe that Anzac day and Falkland Islands liberation day should also be commemorated with pride.

Our patron saint days of St George, St Andrew, St Patrick and St David have also become increasingly important to the peoples of all four countries in the United Kingdom. One has only to visit Romford market on 23 April to see just how significant that day has become as a celebration for the people of my constituency.

There are also days that have become established over the centuries to mark festivals, historic events or traditions, such as Guy Fawkes night, Burns night in Scotland, 12 July in Ulster, May day, St Valentine's day, mothering Sunday, fathers' day, Shrove Tuesday—otherwise known as pancake day—Hallowe'en, harvest festival, apple day, new year or Hogmanay and, of course, twelfth night.

Other religious festivals are also of great significance to millions of British people, such as Eid, Diwali and Hanukkah. There are also days to mark our nation's international links, such as Commonwealth day, United Nations day and even, dare I say it, Europe day. All such days commemorate something significant in the life and history of our nation and island peoples and should be recognised—not all as public holidays, of course, but as days to mark something important to remember and learn about, especially in our schools.

My Bill would give Her Majesty's Government the statutory authority to publish an official list of British public festivals, holidays and commemorations that would contain all those days and many more. Because only a small number of them would be designated official bank or public holidays, the list could be extensive and additional dates could be added from time to time.

The most important reason for maintaining such a comprehensive list would be to ensure that schools, churches, voluntary organisations, businesses, local authorities, community groups, charities and scout groups and other youth organisations could, if they chose, celebrate or commemorate those events with their own special activities. It would be a source of education, as school assemblies and classes throughout the country would learn about the history and traditions of our island nation.

We must never forget Her Majesty's realms, dependencies and territories. They should also be recognised, so that we can mark the national days of the wider British family —Australia day, New Zealand's Waitangi day, Canada day, Jamaica's independence day, Channel Islands liberation day, the Isle of Man's Tynwald day, Gibraltar's national day, Bermuda day and Norfolk Island's Bounty day, to name but a few. Indeed, I am sure the whole House would wish to send its warmest greetings to the people of St Lucia, who today celebrate their very own national day. That proud Caribbean nation, which remains one of Her Majesty's realms, will celebrate with cultural events, dancing and a colourful festival of lights, with lanterns made by children in villages throughout the island.

New days could also be included on the official list, such as a flag day to honour our national flag—the Union Jack, as it is commonly known—or perhaps a Britannia day for all British people and for those descended from the people of these islands who wish to take pride in their British heritage.

Why not set aside one day of the year to celebrate the animal kingdom—a national animal day? It could be a Sunday, when the nation could celebrate the animal kingdom with pet services at churches and events to support animal and wildlife charities. In my constituency, I attend the annual horseman's Sunday in the historic village of Havering-atte-Bower, where local horses and their owners attend an open air service on the village green and the local MP presents a rosette to every horse.

It is also important that communities have a chance to organise their own local festivals, so why should not each county, town or village designate a particular day of the year as their day to celebrate in whatever way they see fit, bringing everyone together in celebration of their local identity? Fine examples are St Piran's day in Cornwall and Yorkshire day.

My Bill would also require the Government to prepare and publish a list of festivals and commemorations up to 10 years in advance, to give local communities the chance to plan and prepare fully for all our historic occasions, allowing everyone the opportunity to celebrate those events that are important to them, and to ensure that all anniversaries and traditions are recognised and kept alive rather than relegated to the pages of history books.

My Bill would also address the nature of our bank and public holidays. Under our current system, those that fall on a weekend are transferred to a day following the weekend. For example, this year, Monday 3 January was made a public holiday in lieu of new year's day,

[Andrew Rosindell]

which fell on Saturday 1 January. When that happens, rather than having a meaningless day off next to a weekend, we should use it for a day of greater significance. If we followed that rule for all existing bank holidays, I believe it would be possible to make St George's day, St Andrew's day and St David's day annual public holidays without creating more days off overall, thus not harming businesses or the economy.

Next year is the diamond jubilee of Her Majesty the Queen. Across our nation, people will celebrate this great milestone in British history, and, God willing, in 2015 we will see Her Majesty reach the next landmark of her reign, when at 63 years and seven months on the throne, the Queen will become the longest ruling monarch in British history. Then, in 2022, I hope and pray that we will celebrate Her Majesty's platinum jubilee, an anniversary that has never been reached by any British monarch.

We can all look forward to those celebrations, and my Bill will guarantee that all great British festivals, celebratory days and commemorations will always be recognised, celebrated, cherished and passed down to future generations.

I commend my Bill to the House.

3.48 pm

Paul Flynn (Newport West) (Lab): It is a pleasure to speak on St Lucia's day, about which we did not know previously. The hon. Member for Romford (Andrew Rosindell) seems to suggest an incontinence of celebration—there is hardly a day of the year when we would not be obliged to celebrate something. However, absent from his speech was any suggestion of celebrating the reason for our existence in the Chamber. Why not have a democracy day? What about 4 November to celebrate the Chartists who died in my constituency, and others who died in many other places, for example, the Tolpuddle martyrs—all those who fought in the struggle to ensure that we have our free Parliament? They should be celebrated; they are far more significant than many of those the hon. Gentleman suggested.

Question put and agreed to.

Ordered,

That Andrew Rosindell, Henry Smith, Jacob Rees-Mogg, Nadhim Zahawi, Bob Russell, Simon Hart, Priti Patel, Thomas Docherty, Paul Uppal, Mr Angus Brendan MacNeil, Heather Wheeler and Ian Paisley present the Bill.

Andrew Rosindell accordingly presented the Bill.

Bill read the First time; to be read a Second time on Friday 20 January 2012 and to be printed (Bill 262).

United Kingdom Statistics Authority

[Relevant documents: The Sixteenth Report from the Public Administration Select Committee, on the Appointment of the Chair of the UK Statistics Authority, HC 910-I, the evidence taken before the Committee on 10 May, HC 910-i, the uncorrected evidence taken before the Committee on 6 December, HC 1634-i, and the written evidence reported by the Committee and ordered to be published on 10 May.]

3.50 pm

The Parliamentary Secretary, Cabinet Office (Mr Nick Hurd): I beg to move,

That this House endorses the nomination of Andrew Dilnot CBE for appointment as Chair of the United Kingdom Statistics Authority.

The motion is in my name and that of other Ministers. All Members will know that this appointment is a very important one. Without reliable and independent statistics it is impossible for the Government to make good policy, or for Parliament, the public and the media to hold us to account. The quality of statistics in the UK is recognised to be very high, and all Members will agree that it is essential that we maintain that position.

The UK Statistics Authority is at the heart of the system for maintaining the quality and credibility of official statistics. The Statistics and Registration Service Act 2007 established the authority to provide independent oversight of the statistical system. Therefore, the credibility of the chair is central to the whole operation of statistics in the UK.

Before moving to the specific candidate whom the Government have proposed for the post, I should like to acknowledge two very important contributions. First, the current chair, Sir Michael Scholar, has done outstanding work in establishing the authority as a credible and effective body, and I should like the House to record our thanks to him, not just for the work he has done since 2008, but for staying in post until the Government secured his replacement. I am sure other Members would like to place on record their thanks for and appreciation of his good work.

Secondly, I thank my hon. Friend the Member for Harwich and North Essex (Mr Jenkin) and the Select Committee on Public Administration under his chairmanship for their constructive engagement in the whole appointment process. In particular, I welcome the contribution that the hon. Member for Luton North (Kelvin Hopkins) was able to make as part of the panel that selected Andrew Dilnot.

Two particular qualities are essential for the chair of the UK Statistics Authority: independence and a passion for statistics. The Government believe that Andrew Dilnot is superbly qualified in both respects. First, on independence, Mr Dilnot has repeatedly demonstrated his commitment to independent analysis and a willingness to stand up for his views. Members on both sides of the House—to varying degrees, I suspect—will have appreciated, and been challenged by, the sharp but fair analysis that the Institute for Fiscal Studies published under his leadership of Budgets produced by Governments of all parties.

More recently, Mr Dilnot chaired the independent commission on long-term care, which tackled, as I am sure all hon. Members agree, one of the most important

and intractable policy problems that we face with great rigour. I am sure he will display the same qualities if appointed to this new role. Although that might on occasion lead to discomfort among my ministerial colleagues, I hope that Members agree that Parliament and Government are best served by a credible, senior and independent advocate of the proper use of statistics.

Secondly, on Mr Dilnot's passion for statistics, he is an acknowledged leader in the field of statistics and, frankly, is second to none in that regard. He is the author of what his biography assures me is a best-selling book about statistics, and was the founding presenter of BBC Radio 4's series on statistics, "More or Less". He is currently chair of the statistics users forum of the Royal Statistical Society, and has held a range of academic and advisory positions that require a detailed understanding of statistics and their use and misuse. In short, it is hard to imagine a better qualified candidate.

To sum up, it is essential that we appoint a new chair for the UK Statistics Authority who can continue to develop it as an effective guardian of good statistics. We believe that Andrew Dilnot is an excellent candidate. I welcome the report from the Public Administration Committee on his pre-appointment hearing, and its conclusion that he should be appointed. I therefore commend the appointment to the House.

3.55 pm

Michael Dugher (Barnsley East) (Lab): Before I turn to the nomination of Andrew Dilnot as chair of the UK Statistics Authority, I would like to echo the Minister's tribute to the outgoing chair, Sir Michael Scholar. As the Public Administration Committee said in its report, published last week, his work over the last four years in establishing the UK Statistics Authority has been first class. He has performed his important public duties robustly and with complete impartiality.

The Statistics and Registration Service Act 2007 was designed to ensure that we had an independent statistics authority—one that can challenge the use of statistics where necessary. This was exemplified only recently when Sir Michael publicly rebuked the Mayor of London, Boris Johnson, for giving misleading figures to the Home Affairs Committee. I am sure that the whole House is also grateful to Sir Michael for agreeing to continue in the post for longer than was originally expected.

As the House is aware, the recruitment process for the post was significantly delayed when the Government's initial preferred candidate withdrew. That followed serious, and in our view proper, scrutiny by the Public Administration Committee of whether individuals had the necessary personal independence to carry out the role. I would like to take this opportunity to praise members of the Committee from both sides of the House—in particular, the Chair of the Committee, the hon. Member for Harwich and North Essex (Mr Jenkin), and my hon. Friend the Member for Luton North (Kelvin Hopkins). The Committee has understood—and repeatedly stressed—the importance of independence in this post, and I believe its actions were consistent with the principle of parliamentary pre-appointment scrutiny.

I also welcome the greater role that the Committee played in deciding the make-up of the selection panel when the recruitment process was rerun, as well as in persuading the Government to recognise explicitly in the re-advertised job description that a key responsibility of the role is to ensure the independence of the authority. I hope the Government have learned from this process and will take the changes forward for all future appointments.

In respect of Andrew Dilnot's professional competence, I agree with the Committee's report that his extensive experience makes him eminently suitable for the role of chair of the UK Statistics Authority. As the Minister has said, Andrew Dilnot has had a distinguished career, most recently at Oxford university and in chairing the commission on the funding of care and support. He also headed up the Institute for Fiscal Studies for more than a decade. Indeed, this experience should stand him in particularly good stead. As we saw after the Chancellor's autumn statement, the IFS is famously an organisation that is not afraid of criticising Ministers' use of figures. I am therefore both satisfied—and indeed rather hopeful—that Mr Dilnot will bring the same kind of robustness when challenging the present Government's continued use of statistics.

Throughout the pre-appointment hearing, Mr Dilnot expressed differing views from the Government on a wide range of issues, which is always encouraging. Those issues include the reduction of the pre-release period. It is also worth noting that when he was questioned about the Government's happiness index, which costs the taxpayer £2 million a year, he said that it was "really rather silly" and "a pile of nonsense". It appears that the candidate has fine commonsense in addition to independence of mind.

The post involves the significant responsibility of promoting and safeguarding the production and publication of official figures that serve the public good. Mr Dilnot has already made it clear how "absolutely vital" it is to have consistency in how the Government produce their figures. Labour Members agree that to make the most of our data we must be able to compare information over significant periods of time. This is why, of late, we have been concerned about some public statements from members of the Government about possibly changing the methodology used in producing certain statistics—for example, how child poverty is measured. The fact that child poverty is increasing in a way that undoubtedly shames the Government is no reason to alter how it is measured.

The appointment of a new chair of the board of the UK Statistics Authority is an extremely important one. We need a candidate who can maintain the code of practice for official statistics and ensure that Government figures are produced and presented to the highest standards of independence and integrity. We share the view of the Government and the Public Administration Select Committee that in Mr Dilnot we have a candidate who can rise to meet that challenge.

4 pm

Mr Bernard Jenkin (Harwich and North Essex) (Con): I am grateful for the support of the official Opposition for this appointment, although I wondered whether the hon. Member for Barnsley East (Michael Dugher) was going to declare an interest during his remarks. He might have forgotten—it is a failing of us all, I suppose—but if he looks at the inside cover of the report from which he quoted, he will see that he is still a member of the

[Mr Bernard Jenkin]

Public Administration Committee. He has very honourably absented himself ever since he joined Labour's Front-Bench team, but I hope that he will involve his party in putting forward a new nominee for the Committee, because it would be of great service to the Committee and the House. I make no personal criticism of him whatsoever.

When he appeared before my Committee last week for his pre-appointment hearing, Andrew Dilnot was invited by the hon. Member for Newport West (Paul Flynn) to reflect on a statement that he made in 2007 during the passage of the Statistics and Registration Service Act 2007. Andrew Dilnot confirmed that he still held the view that he held then: that the passage of the 2007 Act, which set up the UK Statistics Authority, was

"a turning point. It has made possible something that otherwise was not possible, which is the recovery of a sense of independence and integrity for statistics...This Act gives the control and management of statistics back to Parliament...I think that was a very, very important step."

I shall briefly remind the House of what the 2007 Act did. It established a new authority, now known as the UK Statistics Authority, with the statutory objective

"of promoting and safeguarding the production and publication of official statistics that serve the public good."

To many of my right hon. and hon. Friends, that might seem rather a dry subject, but the public good in this instance is defined as

"informing the public about social and economic matters"

and

"assisting in the development and evaluation of public policy."

This is serious stuff. The authority has the statutory duty

"to promote and safeguard the quality of official statistics, good practice in relation to official statistics and the comprehensiveness of official statistics".

In this respect, "quality" means the "impartiality, accuracy and relevance" of official statistics and their coherence with other official statistics.

Robert Halfon (Harlow) (Con): I am grateful to my hon. Friend for giving way, and for the chance to serve under his chairmanship when approving the appointment as head of the UK Statistics Authority of this excellent candidate. He mentioned the importance of informing the public about statistics. Does he agree that one of the main priorities for Mr Dilnot will be to improve the website to make it accessible to the public, to make it easy for them to use and to allow them to give some feedback on how statistics are presented?

Mr Jenkin: I am most grateful to my hon. Friend for raising that point, which he raised in the pre-appointment hearing and to which Andrew Dilnot responded favourably. I think he sees the potential of improving public access to statistics and the public's ability to understand why they appear as they do, what value they offer and, therefore, how they can influence the democratic process. This goes to the heart of so much of what we do in this place, and the way in which we try to engage our public. Technology, particularly the internet, enables us to do that in an unprecedented way. There is no reason why every citizen cannot have access to the same information that we have—the information that informs the decisions that we make in this Parliament. We should therefore involve the public much more in that. Indeed, we have an obligation to ensure that what the Government and the Opposition say is objective, truthful and properly informative, rather than otherwise; we all know what Disraeli said about damned lies and statistics. We need to ensure that the quality of the numbers and the data that the Government produce genuinely informs the debate, rather than just advancing the partisan interests of those producing them.

Jesse Norman (Hereford and South Herefordshire) (Con): Does my hon. Friend share the view that it is a proper function of the UK Statistics Authority to be fully separate, over and above the Office for National Statistics, or does he see some scope for reducing the number of quangos in this area?

Mr Jenkin: We are talking about a quango that survived the cull. Given that it was so recently established by an Act of Parliament, it would have been an absolute travesty if it had fallen to the cull. The reason is that for many years those who understand the rather arcane world of statistics have been campaigning for much more independent oversight of statistics. Indeed, independence is one of the key tests that the Government applied in the Public Bodies Bill and the review of arm's length bodies. If a body's independence is fundamental to the function it performs, that justifies its existence. Therefore, the United Kingdom Statistics Authority was never on the list.

John Healey (Wentworth and Dearne) (Lab): Perhaps the hon. Gentleman would like to remind his hon. Friend the Member for Hereford and South Herefordshire (Jesse Norman) that the Office for National Statistics and the UK Statistics Authority are not two separate bodies, but are one and the same. Indeed, the Statistics and Registration Service Act 2007 sets out the delicate balance between the regulator and producer of statistics, which is one of the big challenges that any chair of UKSA must be able to manage.

Mr Jenkin: I am grateful for that intervention, because one of the things that we discussed in our pre-appointment hearing was the balance between oversight and production. The ONS is basically the producer of statistics, while UKSA should provide the oversight. However, the two are not directly separated in the way that one would expect, which is why the independence of UKSA's chair is such an important feature of the arrangement. Therefore, the authority has a particular duty to ensure the accessibility of statistics.

Since its establishment in 2008 the authority has had the duty to monitor and report publicly on areas of concern in relation to good practice and the quality and comprehensiveness of all official statistics across Government and arm's length bodies. The authority consulted on and established a code of practice for official statistics in 2009. Indeed, it seems astonishing that there was no such code of practice until UKSA established it. UKSA set independent professional standards for statistics in government, and is assessing against those standards all government statistical products that are classified as national statistics. There are some 1,300 series of statistics produced by government. One third of those statistical products are issued by the ONS, for which the authority performs the governance function.

The other key function of the new authority has been to challenge Departments and Ministers on the quality and integrity of the statistics for which they are responsible. As hon. Members, including several Ministers past and present, will know—I see in his place the right hon. Member for Blackburn (Mr Straw), the former Home Secretary—the authority's first chair, Sir Michael Scholar, has been ready to challenge Government practices in the preparation and release of statistics where he and the authority have considered these practices to be corrosive of trust in official statistics. I must say that UKSA should have a sense of mission about its purpose; the Public Administration Committee certainly shares this sense of mission.

Sir Michael's interventions, made in public and invariably copied to my Committee and to the relevant departmental Select Committee, have, I can reliably attest, been regarded with a mixture of fear and outrage in Whitehall. I think the House would be worried if the pronouncements of the authority—a non-ministerial department accountable to the House through my Committee—were not feared and respected in Departments and ministerial private offices, or, indeed, by Her Majesty's official Opposition. My right hon. Friend the Prime Minister would attest that when we were in opposition, we suffered from the whiplash of Sir Michael's interventions.

One such early intervention, in December 2008, was to raise in public with the permanent secretary at 10 Downing street an allegation that No. 10 Downing street special advisers had

"caused the Home Office to issue a Press Release which prematurely published provisional statistics for hospital admissions for knife or sharp instrument wounding...These statistics were not due for publication for some time, and had not therefore been through the regular process of checking and quality assurance. The statisticians who produced them, together with the National Statistician, tried unsuccessfully to prevent their premature, irregular and selective release. I hope you will agree that the publication of prematurely released and unchecked statistics is corrosive of public trust in official statistics, and incompatible with the high standards which we are all seeking to establish."

This intervention resulted in an apology from the then Home Secretary on the next sitting day and a swift investigation by the Cabinet Secretary, which led to substantial changes to guidance to officials on how statistics should be handled, particularly on selective publication from unpublished data sets. An explicit reference was also inserted into the ministerial code, requiring Ministers to abide by the code of practice for official statistics. I regard it as part of the mission of UKSA and my Committee to empower the professional statisticians in government to stand up for the integrity of statistics when under the political pressure that inevitably arises in modern politics.

More recently, Sir Michael has raised with the Chancellor the issue of pre-release access by Ministers, advisers and officials to sensitive economic statistics such as the consumer prices index and retail prices index inflation figures. Sir Michael has asked—I tend to agree with him—what reason there can be for allowing prior access to these figures to a group of up to 50 individuals some 24 hours before publication. I would add that that can be to the advantage only of the Government. For the sake of trust in the use of official statistics, Sir Michael has requested that the number of recipients of these figures be cut to an absolute minimum and the time reduced to the shortest period necessary. I would add: why not?

My Committee is very concerned by the Government's adherence to pre-release practices. It greatly concerned our predecessor Committee under Tony Wright, and we thought that those practices would be abolished by this Administration when they took office. When the Statistics and Registration Service Bill was going through Parliament, the Minister for the Cabinet Office and Paymaster General gave explicit assurances when we were in opposition that we would abolish pre-release when we were elected. I have to say that we expect the Public Administration Committee to return to the issue in the new year.

Sir Michael Scholar has exemplified an independence of mind and a desire to be independent of Government, which we have thoroughly supported; it could be considered all the more galling as he also served as a most distinguished senior civil servant in Whitehall before he took up this appointment. When he gave evidence to us on the challenges facing his successor he was clear that the single most important feature of his office was its independence. We have been concerned that his successor should be similarly independent, with the judgment to know when to stand up to Ministers to make crucial points about the proper use of official statistics.

In March 2011 Sir Michael indicated his desire to step down, and a competition was initiated to find a successor. A panel—which I understand was chaired by the permanent secretary to the Treasury, and included the Cabinet Secretary—recommended a candidate who was presented to us for approval as the Government's preferred candidate. I commend my right hon. Friend the Minister for the Cabinet Office on the fact that this debate is taking place, because he conceded, in answer to a question in the Committee, that it would be appropriate for the appointment to be confirmed by a resolution of the House, and for the appointment to be made only after having been so confirmed. If I am correct, that procedure did not apply to Sir Michael Scholar's appointment and is not required by Act of Parliament.

That is a testament to the Government's determination to ensure the independence of the appointment, although, perhaps ironically, my right hon. Friend will have rued the day that he made that undertaking. Earlier this year we held a pre-appointment hearing with Dame Janet Finch, an academic of great distinction and experience, to examine her professional competences and personal independence with regard to the appointment. It is a matter of record that the hearing was a somewhat difficult occasion. Subsequently Dame Janet wrote to the Cabinet Secretary, on her own initiative, to say that it had become clear during the course of the hearing that she and the Committee

"had differing views over how the job should be undertaken, and in particular how the independence of the Chair should be exercised."

I commend her for applying for the post, for gamely putting herself up for the post, and for behaving in such a dignified way. She withdrew from the selection process entirely voluntarily. May I place on record the Committee's appreciation for the dignified way in which she handled a difficult personal situation? Her conduct in the matter was exemplary, and the Committee continues to hold her in the highest esteem.

David Heyes (Ashton-under-Lyne) (Lab): I have served on the Public Administration Committee both under the hon. Gentleman's chairmanship and for many years

[David Heyes]

before that, and only recently have we taken on the responsibility for pre-appointment hearings. Does he agree that this is a fine example of how a pre-appointment hearing can work to produce an excellent candidate, whom we talked about earlier, in a sensitive and intelligent manner?

Mr Jenkin: I am grateful for that comment. I also want to place on record my appreciation for the action subsequently taken by my right hon. Friend the Minister for the Cabinet Office, who readily agreed that the competition should be rerun and generously consulted my Committee on the arrangements for rerunning it, as it was clear that the previous arrangements had led to the situation. He decided that the nomination panel should be chosen afresh, and the new panel did not include the Cabinet Secretary or anyone else of permanent secretary rank. He agreed that a parliamentarian should serve on the panel, to assess the independence of the panel from the Executive, and we are pleased that he accepted our suggestion that the hon. Member for Luton North (Kelvin Hopkins), a member of the Public Administration Committee and academic statistician of some distinction himself, should serve on that panel, which he duly did.

Having been consulted and had our views taken into account, the Committee was confident that the fresh panel was well placed to select an independent and capable candidate. The House has before it the transcript of the pre-appointment hearing held with the Government's preferred candidate, Andrew Dilnot, who gave a stellar performance. He is no stranger to any of us—his work with the Institute for Fiscal Studies was for many years required reading at Budget time—and I am sure that many right hon. and hon. Members on both sides of the House have been briefed by him on occasion. As he pointed out to us, he was always able to conduct his analysis of Budget documents without the benefit of pre-release access. He is an accomplished communicator of statistical issues, and communicates in a way that can make him truly engaging and relevant to the wider public. He was the first presenter of BBC Radio 4's "More or Less" programme, which, whenever I turn it on, I find myself unable to turn off, because it is so revealing about what we need to know in public life.

In the arena of fiscal statistics, Andrew Dilnot has long demonstrated an independence of mind and confidence that have attracted criticism only from those who have found his truths inconvenient. He has made it clear that, if appointed, he will want to work constructively with the Public Administration Committee, and to improve the standing and presentation of official statistics. Certainly my colleagues and I did not hesitate to conclude that he had the professional competences and personal independence necessary to fulfil the role of chair of the United Kingdom Statistics Authority. In fact, the two—he and the job—seem to have been made for each other.

I also look forward to Mr Dilnot's introduction of a number of innovations that will benefit the public. The authority faces considerable challenges in the years ahead. For instance, it must steer a course towards a more efficient and cost-effective way of collecting population data to replace the census in 2021. Its governing legislation gives it the dual role—mentioned earlier by the hon. Member for Barnsley East (Michael Dugher)—of producer and regulator of official statistics, which is sometimes uncomfortable to negotiate, and which Mr Dilnot will wish to clarify. It must represent the statistical profession in Government effectively at a time when budget reductions mean the loss of statistical resources and the axing of whole statistical series. It must also act as cheerleader for official statistics when public trust in them is generally accepted to be low, and remains low despite the progress that has been made in recent years.

The Public Administration Committee is very confident that Andrew Dilnot is the right candidate to address those challenges, and to build on the considerable legacy left by Sir Michael Scholar, to whom I pay tribute. I particularly wish to mention that Sir Michael stayed on willingly for the extra months during what would otherwise have been an interregnum between his retirement and the delayed appointment of his successor. I wholeheartedly support the motion.

4.22 pm

Mr Jack Straw (Blackburn) (Lab): Let me begin by declaring an interest: I am an honorary fellow of the Royal Statistical Society. The society graciously bestowed that honour on me for my work in the 1990s in advancing the case for an independent national statistical service and proper parliamentary scrutiny of statistics.

I am delighted to observe that my right hon. Friend the Member for Wentworth and Dearne (John Healey) is present. It was he who introduced the Statistics and Registration Service Act 2007, which completed the journey from a statistical service that was half independent and half controlled by Government to a service in which the producers of the statistics, the Office for National Statistics and its agents, and the supervisor of that production, the United Kingdom Statistics Authority, became entirely independent of Government.

I also commend the Public Administration Committee for its work both in monitoring the work of the authority and in conducting the process of this appointment. It is interesting to recall, as I do, the nervousness that was abroad at one time about Select Committees having any role in public appointments, given that this appointment has effectively been made entirely by Parliament, and has been endorsed by a Select Committee with the approval—hopefully—of the House.

I know Sir Michael Scholar well and I think that he did an outstanding job as the first chairman of the UK Statistics Authority, in difficult circumstances. Nobody should underestimate the pressure that was put on him when he dared to criticise the Government of whom I was a member. He criticised the frankly preposterous behaviour of part of the Government—special advisers in No. 10 and in the Home Office—in allowing not just the pre-release of statistics, but the traducing of statistics that should have been properly released by the Office for National Statistics.

That was part of a culture that went back to previous Administrations, and we have seen one example of it during this Administration, whereby special advisers in No. 10, all jockeying among themselves to show that they are more adept than their colleagues in getting material into the newspapers and anxious for attention from the master, cajole the people they believe are their subordinates—the special advisers in the individual Departments. They say, "We can see this on the grid"—the

wretched grid—"and we must know about this. We want early information. There is something else coming up. We have heard a rumour that those nasty people in the Opposition are about to do X or Y, or there is a terribly bad news story, Z, and if only we can get this good news out, all will be fine." That is all without purpose, it never works, it always ends in tears and it carries on. The problem is that previously, unless a strong and confident Minister was looking after those statistics, it was all too easy for this abuse to run away with itself. I had only one occasion when those at No. 10 tried this on me and I told them to get lost, saying that if they wanted I would come to the House to make a statement about what they were trying to suborn my officials and special advisers, who are of the highest integrity, into doing. I was secure in my position but a very large number of Ministers, sadly, are not in that happy position.

I know what the chuntering was when Sir Michael Scholar criticised the practice of the Home Office and No. 10 in December 2008—I believe it was then. It is no coincidence that much of the attempt to bypass official release mechanisms has taken place in respect of Home Office statistics. That is not because the Home Office statisticians—or now the Ministry of Justice statisticians—are any less worthy or any less replete with integrity; it is because of the highly political nature of the information they convey. Sir Michael set out, in handling that abuse, to continue in a similar manner, and he put his foot down on a number of further occasions—two when the Labour Government were in power and once under this Government. I hope that, bit by bit, Ministers, officials and special advisers will get the message that in the 21st century it is no more appropriate to try to interfere with the generation, organisation, analysis and publication of official statistics than it is to interfere in the generation, analysis and publication of the accounts of a Department.

No Minister or senior official at any level would dream of saying, "We've got to alter the accounts. It is a bit inconvenient but this has come up and we seem to have lost some money." Such alteration is a criminal offence for directors of companies. It is worth remembering that in the early part of the 19th century it was perfectly commonplace for Ministers to ensure that there was a bit of fiddling of the statistics. A lot of Ministers lined their own pockets, a few got charged with corruption but generally got away with it, and one or two were impeached. That was the culture of the times. We have moved away from that in respect of financial probity, but we now have to see a similar cultural shift in respect of statistical probity because otherwise the whole political debate and discourse in this country will be the loser.

We can have serious discussions when it comes to arguments about finance. We know what the deficit is and we can argue about what its components are, but no one suggests that it has somehow been made up. It is there. With other statistics—particularly social statistics, and particularly those on crime and immigration—there has been a ridiculous argument about whether crime has gone up or down. The same applies to unemployment and so on. We must move away from that, because it is a real turn-off for the public and it is very undermining for the quality of debate in this country.

Let me make two points, the first of which is on pre-release statistics. The hon. Member for Harwich and North Essex (Mr Jenkin) was quite right to draw attention to the fact that before the election the Minister for the Cabinet Office and Paymaster General made a lot of play of the fact that he was going to abandon pre-release notice, or move at best to one hour. We should have abandoned it when we were in government, but we did not do so. He said that he would and then, when he came into government, hey presto, he supped at the royal jelly—or something like that—or had a nod from somebody at No. 10 and suddenly decided that he was wrong.

Mr Jenkin: Will the right hon. Gentleman reflect on what interests prevented him from persuading his colleagues to abolish it and does he therefore have some sympathy with my right hon. Friend the Minister for the Cabinet Office and Paymaster General as regards the opposition he might be facing?

Mr Straw: I have sympathy with the Minister, of course. He happens to be my pair, anyway, so I declare that interest too. I have every sympathy with him, but the forces of darkness get tiring after a while. People always think that the Government will do better if only they can get early information and slip this or that past, but that is all nonsense.

My officials and others used to regard it as slightly tedious that I was not terribly bothered about when the figures were coming out—although I was early on, when I was neurotic about when the crime figures were being released. My view was that one had to ask what the point was of knowing in advance. It just led to a suspicion that we had somehow fiddled the figures because we had had them early and all the rest of it. There was absolutely no point at all. Why not find out at exactly the same time as anybody else? It is impertinent to think that Ministers should have any right to find out in advance. Why should they? They are not Ministers of figures—the figures belong to the public and Parliament. It is also self-defeating, in my opinion.

My advice to the Minister for the Cabinet Office and Paymaster General and his colleagues is: chill and defeat the forces of darkness. I am sorry I did not complete that task, notwithstanding being joined by my right hon. Friend the Member for Wentworth and Dearne. Ministers will do themselves an enormous favour if they abandon pre-release notice.

Robert Halfon: I agree with much of what the right hon. Gentleman says. Does he not agree, however, that there is a very small case for certain statistics—particularly market-sensitive information—to be released to the Government early, given the effect they might have?

Mr Straw: There might be, and there could have been in the days when the Treasury was responsible for setting interest rates. At a time when by all-party agreement the Treasury is no longer responsible for setting interest rates, what can the Government do about it anyway? If they have advance information that there will be a sudden huge—mega—balance of trade deficit then, with a bit of luck, it will gradually emerge through the tax data anyway. What can they do about it? If the markets react adversely, the Bank of England will come in and buy sterling, or not. I accept that there might be a narrow case for examining that, however.

My second point is about the responsibility for defining the components of series. Let us recall the great debate about the components of youth unemployment figures.

[Mr Straw]

There was irritation among those in the Government of whom I was a member that that series included people in full-time education, and I gather there is also irritation about that in this Government. Of course, support for the current definition has stayed on the Opposition side of the Chamber. My view is that there is a case for saying that people in full-time education should not be included in the definition of the unemployed because they are not available for work, although they might want a part-time job. There might not be a case for that but, whether or not it is to the advantage of Government, that issue ought to be examined independently and decided independently, without regard to which party might, for the time being, gain partisan advantage.

Lastly, I commend the recommendation of the Public Administration Committee that Mr Andrew Dilnot be appointed as the successor to Sir Michael Scholar. He is brilliant, he has a very fine mind and he has a great understanding of public affairs. I can think of no better successor to Sir Michael Scholar.

4.36 pm

Jesse Norman (Hereford and South Herefordshire) (Con): I, too, am extremely pleased to support the motion. I speak not only as a Member of the House but as a member of the Treasury Committee. The House will be aware that we are extremely reliant on the quality of our national statistics as we supervise, regulate and seek to hold to account, at least at arm's length, entities and agencies that are themselves extremely reliant on our national statistics. This appointment reflects very creditably on the Government for their willingness to choose, and to allow pre-selection hearings on, the highest quality candidates who can genuinely hold them to account rather than simply choosing placemen. This appointment fits into that good tradition, and the appointment of Robert Chote was another example of that.

I pay tribute to Sir Michael Scholar and also to the Public Administration Committee's role in vetting not one but two candidates.

Paul Flynn (Newport West) (Lab): Would the hon. Gentleman extend those sentiments to the Mayor of London, who, when he was criticised for abusing statistics before a Select Committee of the House, reacted to the criticism of Michael Scholar by describing him as a "Labour stooge"?

Jesse Norman: I certainly do not share that view and I am not sure that the Mayor would share that view if he had further time to reflect on it.

Sir Andrew Dilnot is a person of impeccable personal reputation and great intellect. He has been garlanded with honours from our finest academic institutions and the Institute for Fiscal Studies. Anyone who has heard him present "More or Less" or heard his outstanding podcasts will know that he is an extraordinarily apt and adept presenter of information, and therefore perfectly fits an agency with the job not merely of presenting information and ensuring its integrity but of recruiting and engaging its users.

The truth is that we in Parliament and those in government cannot survive without good information and good numbers, and the Opposition, whoever they may be, cannot survive without the numbers that allow them to hold the Government to account. I hope that an early priority for the new chair will be to look at the private finance initiative, which hon. Members will know is one of my pet bugbears. I can think of no better example than that because there has been extraordinary abuse of those statistics, with things being pushed off-balance sheet, with standards that are not of the highest quality being adopted and—I am pleased that this is being addressed by the Government—with the creation of a situation in which it is possible to have an asset that is off-balance sheet not only to the country but to PFI contractors.

Sir Andrew Dilnot is also to be commended for his outstanding report on different ways of funding the provision of care for the elderly. It would be a very poor debate that did not recognise that and congratulate him on that report. His appointment fits into a pattern of improving the governance of our public agencies, and it is a principle that could properly be extended to other public agencies whose governance has been somewhat lacking of late. I think in particular of the Bank of England, whose court needs comprehensive restoration; the Treasury Board, which could do with refreshment; and the governance of HM Revenue and Customs, which needs higher quality senior officials and non-executives.

I conclude by congratulating the Government on this appointment, and Sir Andrew Dilnot on his acceptance, on his passion for statistics and on his independence of mind. I welcome the energy, the integrity and the intelligence which he will bring to the evaluation of policy, I hope, as well as to the assessment of statistics and their presentation to the public.

4.40 pm

Paul Flynn (Newport West) (Lab): This appointment is a major development in our parliamentary procedures. This is the first time that the pre-appointment hearings made a significant difference and had an influence in changing the candidate. The pre-appointment hearings came out of an investigation in the previous Parliament by the Public Administration Committee, which went to America and recommended that certain senior appointments should be subject to the procedure. We have heard the explanation given by the Chair of how the decision arising from the interview with the first candidate resulted in a second candidate coming along and how a member of the Committee was appointed to the panel that took part in the process. These are important changes that reinforce the view that this is a useful way of proceeding. The House has behaved in a responsible manner in this process.

My right hon. Friend the Member for Blackburn (Mr Straw) referred to the forces of darkness and the queen bee jelly that takes over Governments. Some of us can rejoice in being the forces of light who were against the previous scheme and against our own Government, and are still against it and against the new Government. So often when Governments change, it is not a change of philosophy, but an exchange of scripts. Of course Governments neurotically want to hoard their secrets for as long as possible. It seems extraordinary that it was only in 2007 that the arguments were exactly reversed—when I was sitting on the Government Benches arguing with my own Government, the Tory Opposition were saying that this was the big weakness in the Bill that went through. Now they flip over without a blush.

There was a time when I recall accusing Mr Alan Clark of supervising the largest and most shameless massage parlour in London, which was the Department of Employment, in his use of employment statistics. There was some truth in that. I had an exchange of letters with Margaret Thatcher in 1989, when a group of statisticians came to see me. They were distressed because the responsibility for statistics was being moved from the Cabinet Office to the Treasury, and they rightly said, "This is our life's work. That will reduce these pristine, glorious statistics, wonderful graphs and histograms to garbage by politicians on the make." They suggested that the Treasury was the Department with the greatest vested interest in fiddling the statistics and damaging the result of their work. Their whole professional raison d'être was diminished by that.

Mrs Thatcher sent me a letter in which she expressed her deep shock that anyone should express the unworthy idea that her Department would want to fiddle statistics in any way. We do not feel quite that way now. There has been a move forward. I mentioned the distressing episode involving the Mayor of London. It goes to show that the advance has not been complete—not all Departments have changed their mind.

The Mayor of London was rightly criticised by Sir Michael Scholar, and we have all praised him for the way in which he did that. Sir Michael has done very well. He challenged the Home Department with great courage. He challenged the previous Government and he has challenged Departments now. He did the job that he was set to do, but when he attacked the Mayor of London, the Mayor's reaction was not to say, "All right, I got it wrong. I'll change the statistics".—no humility from Boris, of course. Instead, he called him a Labour stooge. It was an outrageous thing to say, given his lifetime of independence. Michael Scholar, as all today's contributors have said, has done a splendid job of establishing that independence, and it is what we see in Dilnot.

There are still a few old lags in the House from the passage in 2007 of the Statistics and Registration Service Bill, which went through with hardly a flicker of interest; this is a crowded House compared with the number of people who attended back then. There was only one tiny piece of interest in the press, too, but it was an article that I repeated ad nauseum to the House at the time, because it stated that it was the most important Bill of the Labour Government—we had been in power for 10 years—and would have a bigger effect than anything we had done, including handing over power and independence to the Bank of England. The article was written by a certain Andrew Dilnot, and his entire career has rightly been in that area—suggesting that statistics need to be independent.

In the Public Administration Committee, we all saw Dilnot's boyish enthusiasm for statistics. He talks about them as "Statistics"—these wonderful things, which are the key to all happiness and the path to knowledge and wisdom—

Mr Straw: And employment in your constituency!

Paul Flynn: Indeed. I will turn to that point now.

I do have a slight vested interest in the matter, because the largest employer in my constituency happens to be the Office for National Statistics, and that is why I like to deal with the cynicism that occasionally crops up about the well-being statistics. They might have cost £2 million, but they have certainly added to my sense of well-being, because they provide work in my constituency, and we should not be cynical about them. In the past we measured happiness, success and politics on the basis of gross domestic product, but that is not a sensible thing to do, because, when the nation's prosperity increased, unhappiness increased as well.

There was a splendid T-shirt in Hungary in 2000. On the front it said, "What has 10 years of right-wing government done that 50 years of communism could never do?" and the answer on the back was, "Made the people love socialism". They had put up with the equality of misery, because everyone was treated badly, but when they moved to the inequality of choice they were unhappy, because young men were becoming millionaires on the stock exchange while pensions were increasing slower than inflation.

There is a crucial difference between the two, and one of the myths of politics is that choice is an example to be pursued, and that everyone will be happy if they have choice. No, they will not. I am a child of the war, when there was no choice and we wore utility clothes, but everyone was on the same level, and that was much better than what we have now, with our children wanting to wear quality, fashion clothes. All the great myths of politics are there, so it is crucial that we measure scientifically our sense of well-being.

Many points that I wished to make have been made, but it was telling of Andrew Dilnot to give us one striking example of the need for truth and honesty in statistics. He did not mention the newspaper, but most people will recognise that he was citing *The Daily Telegraph*, which put out a big, 36-point, front-page headline, stating, "Public pensions to cost you £4,000 a year". It had divided £9.4 billion by 26 million and got an answer of almost £4,000. The answer is actually £400, but that particular piece of fiction was repeated on the "Today" programme and in the day's headlines, and it became part of common knowledge which is actually common ignorance, so it is right that someone such as Andrew Dilnot should be there to take on the powerful forces that put fiction into the public domain because they are innumerate.

Mr Dilnot made a number of other points, which were entertaining, about how we should move forward. He talked about an idea called "Tell me a story". He would suggest to schoolchildren that they go to the website of the Office for National Statistics or the Government statistical service and tell him a story about aspects of the country, but expressed in statistics.

It is a matter of great satisfaction and pleasure for my constituents that this Swansea boy should have been upgraded to Newport—a matter of some congratulations. He can work in Newport under the benign observance of a quality MP, and I am sure that he will be extremely content. The hugely successful relocation of the ONS to Newport can continue and prosper. Gales of applause will be coming up the M4 today as a result of the House's decision, which I am sure will be to reinforce the decision of the Public Administration Committee to appoint Andrew Dilnot as the best possible candidate.

4.50 pm

Nigel Mills (Amber Valley) (Con): It is a pleasure to follow the hon. Member for Newport West (Paul Flynn), although I am not sure how I am going to follow some of the details that he mentioned. It will be a challenge for Mr Dilnot to find a statistical measure for happiness; I am not sure that he will find reliable data for that.

I start by welcoming Mr Dilnot's appointment. I pay tribute to the Chair of the Public Administration Committee, my hon. Friend the Member for Harwich and North Essex (Mr Jenkin). The process has shown that pre-appointment hearings should not always be simply to ratify the Government's appointment. There should be a possibility that the proposal will be rejected and that the process will have to restart, and the occasional rejection should be seen in the context of the advantages that the process offers us.

Any politician will know how important statistics are. Soon after I was selected as a candidate, around the time of the change in the law, in early 2008, we used some crime figures in a leaflet. A couple of months later, I was phoned up by someone from the local newspaper, who said that the police authority was challenging the data that we were using. It cited some very different figures and had no idea where the figures that I had used came from. It turned out that my figures were from the most recent British crime survey and the authority was using police data. What was slightly unfortunate was that it used crime data for the year that ended two days previously—I could not possibly have used that in my leaflet, which had been printed two months before, and not even in the same year.

In retrospect, I was grateful as I got a front-page headline and a decent amount of publicity. The vast majority of correspondence said, "You're right—we don't believe a single figure that they tell us anyway, so we'll happily go with the ones that you cited." That sums up the public mood about official statistics—they just do not believe them, probably because all politicians tend to manipulate them, get them wrong or selectively use some that suit the argument and omit those that might go the other way.

It is a real job to make public the data used and make it clear when they are abused by politicians. We should all base government and policies on actual evidence, rather than on what we would like the evidence to be; we should make the policy fit the data, not the data the policy. It is ironic that, in a debate about the probity of the data we use, we have had comments about child poverty data. That is one of those footballs that we can kick back and forward. What data do we want to use? Do we compare 2005 to 2010? Some of the numbers show child poverty going up by 300,000 and some by 100,000, or we can say that it has gone up since the election. The hon. Member for Barnsley East (Michael Dugher) wandered into that argument. The right hon. Member for Blackburn (Mr Straw) gave a far more balanced view: we have to be careful that we use realistic, accurate data that present a meaningful picture, rather than the one that we want.

I agree with the Minister that the person who heads this authority needs to be credible, senior, and, most of all, independent. If we are to have a Parliament that can effectively hold Government to account, we need reliable, honest, accurate data to be available to all of us so that we can do that job properly. I truly hope that Mr Dilnot can take that process forward. I, too, cannot see much justification for the Government's having 24-hour advance access. I hope that the Public Administration Committee can make some further recommendations when it looks at that, because probably one of the last great abuses is our being able to see stories appearing in the press that rely on statistics that we have not seen.

4.55 pm

Kelvin Hopkins (Luton North) (Lab): It is a great pleasure to endorse the recommendation that Andrew Dilnot be made chairman of the UK Statistics Authority. I had the pleasure—indeed, the honour and responsibility—of serving on the selection committee. I cannot say too much about what went on in the selection process, but his performance was, as the chairman said at the pre-appointment hearing, stellar—and in a very strong field. We have got exactly the right person in Andrew.

Before saying more about Andrew Dilnot, I want to say something about Sir Michael Scholar. I agree with all the compliments paid to him this afternoon. Indeed, I praised him publicly at the Public Administration Committee when he came before us in the previous Parliament. The fact that he has been criticised by—or perhaps I should say that he has slightly disturbed—politicians on both sides of the House shows that he is even-handed. However, I think that he was just being truthful when he criticised special advisers in the previous Government for misusing statistics about knife crime. I am sure that they were not pleased, and they may have privately said that he was a Tory stooge—who knows? The fact that he has now upset the Mayor of London and has been accused of being a Labour stooge suggests that perhaps he is nobody's stooge. Perhaps he is just his own man, telling the truth as he sees it, and that is what we want in a chair. He has done a splendid job.

Sir Michael has drawn attention to the fact that official statistics are not held in high regard by our voters. In a recent public lecture at Oxford university, he said that we came bottom of the league table in our attitude to official statistics and that our electors do not trust them. That is a very serious matter. In my view, our official statistics are of very high quality, and they should be trusted, but it is their misuse by Governments and by the media that leads to their being mistrusted. I think that I was appointed to the Committee because I have some modest experience of statistics; I studied the subject and used to teach it at a modest level. I used to show my students how one can use statistics to tell fibs, in a sense, by distorting things; one can exaggerate the vertical scale to make it look steeper than it should be, and so on. People can try all sorts of tricks to make statistics tell the story that they want to tell.

The great thing about the UK Statistics Authority is that it will present the statistics raw, and truthfully. If they are misused, it is up to the authority to point that out from time to time. I entirely agree with what my right hon. Friend the Member for Blackburn (Mr Straw), the former Justice Secretary and Home Secretary, said about pre-release. Let us get rid of pre-release and we will solve some of these problems. We can then all see the statistics as they come out and make of them what we think, not get it all pre-digested by politically interested, politically motivated Governments of both sides.

Sir Michael has pointed out that we have to raise the status and the opinion of official statistics with our electors so that they are trusted. I personally trust official statistics, and I trust the splendid people who work in Newport in the constituency of my hon. Friend the Member for Newport West (Paul Flynn). I have visited their headquarters and spoken to them many times, and they are clearly public servants who can and should be trusted. We want to ensure that the population at large regards them equally well.

I have had a long association with Andrew Dilnot, because long before I was a Member of the House I used to attend the pre-Budget presentation by the Institute for Fiscal Studies, which he led. It was always a splendid occasion, and the statistics and analysis that the IFS produced were always first class. I still receive its green budget reports—in hard copy, I am afraid, because I am old-fashioned—and always pore over them with great interest.

I am one of those people who are fascinated by numbers and statistics. I like nothing better for Christmas than a book full of statistics that I can spend Christmas day entertaining myself with. People might call me an anorak, but I believe that numbers are important. The great thing about Andrew Dilnot is that he has a passion even greater than my own for statistics. The passion that he showed in the interview was almost as though he were talking about great works of art. Statistics tell truths if they are accurate and presented truthfully, and his enthusiasm and passion for statistics as almost works of art inspired us all. I believe that we have the right person for the job.

I agree entirely with what the Chair of the Public Administration Committee, the hon. Member for Harwich and North Essex (Mr Jenkin), and a number of other Members have said about Andrew Dilnot. I could not attend the hearing, because I was a member of the selection committee, but I am sure his performance was as exciting and stimulating as it was at the interview. It was a great pleasure to be involved in the process, and I think we have got exactly the right person for the job.

5.1 pm

Priti Patel (Witham) (Con): It is a great pleasure to follow the hon. Member for Luton North (Kelvin Hopkins), a fellow member of the Public Administration Committee. I was at the hearing at which we interviewed Mr Dilnot—in fact, it was my first day on the Committee—and I was overwhelmed by his enthusiasm and passion and the degree of animation with which he spoke about statistics. On that basis, it gives me great pleasure to endorse his recommendation.

I wish to add to the points that have already been made one that has been spoken about only briefly, which is Mr Dilnot's capacity to become a cheerleader for statistics. We have heard a great deal about the cynicism and negativity associated with statistics, but one of the strongest points that came out of our hearing with him was that he wanted to do significant work to change the perception of statistics. He wants not just to do that for the cynical oldies among us but to engage young people in statistics and increase their understanding of them.

As the hon. Member for Luton North pointed out, Mr Dilnot is passionate about statistics. Those of us who have had the privilege of studying statistics, maths or economics in the past will understand the significance of stats to our daily lives and well-being and what they mean to society as a whole. Mr Dilnot spoke about that with great enthusiasm and commitment, and he went as far as to state that it would be a priority for him.

Members have made points about the integrity of statistics. Mr Dilnot's appointment provides a tremendous opportunity to redefine the relationship with statistics of all of us—the Government, the public and future generations. I wholeheartedly support the recommendation in the Committee's report, and I hope that the appointment goes through with no flaws or problems at all.

5.3 pm

John Healey (Wentworth and Dearne) (Lab): It is good to follow the hon. Member for Witham (Priti Patel), and I welcome the fact that so many Members on both sides of the Chamber have wanted to contribute to the debate.

I pay tribute to the members of the Public Administration Committee and its Chairman, the hon. Member for Harwich and North Essex (Mr Jenkin), for the report and their work. I speak having been the Minister responsible for developing the Statistics and Registration Service Act 2007 and leading it through the House. May I say that I had no greater supporter in government or more critical friend in that work than my right hon. Friend the Member for Blackburn (Mr Straw)? I am grateful to him for that.

The fact that our debate this afternoon is in such terms causes us to reflect on and pay tribute to the work of several people in setting up the UK Statistics Authority after the House passed the legislation, especially the former national statistician, Karen Dunnell, and the current national statistician, Jil Matheson. However, I want to pay particular tribute to the outgoing chair, Sir Michael Scholar. He helped lead and set up the authority with great distinction. He helped provide important guidance and governance to the Office for National Statistics, and ensure that a good, strong code of practice for official statistics was introduced in January 2009 and is, properly, now also enforced. As hon. Members from both sides of the Chamber have observed, he has been ready, when necessary, to tackle Ministers from the previous Government and the current Government about the misuse of statistics. Indeed, he most recently tackled the Mayor of London for his misuse of official statistics.

The UK Statistics Authority has two most important features, which have a bearing on the appointment of its chair. The first is its statutory independence from Government and the second is its answerability to Parliament—to this elected House. The report of the Public Administration Committee demonstrates and reinforces the role that Parliament must play. My hon. Friend the Member for Ashton-under-Lyne (David Heyes) called it a fine example and my hon. Friend the Member for Newport West (Paul Flynn) said that we mark a historic day in the extension of the proper role of Parliament in holding the Executive to account and in the conduct of public life. That is true, and the report reinforces the value and importance of the House's role in the process in three ways.

First—and perhaps for the first time—the Select Committee played an important role in ending the appointment process for the Government's previous preferred candidate for the job. Secondly—I pay tribute

[John Healey]

to the Parliamentary Secretary, Cabinet Office, the hon. Member for Ruislip, Northwood and Pinner (Mr Hurd)—the Government conceded a greater role for the Committee in the selection process for the chair, allowing it to comment on the person specification, the job specification and the recruitment process. Thirdly, they crucially conceded the point that a member of the Committee had a valuable role to play on the selection panel, and I pay tribute to my hon. Friend the Member for Luton North (Kelvin Hopkins). I note that the report stated that his role was to assess independence from the Executive. He proved his ability to do that over 13 years of the previous Government and continues to do that from the Opposition Benches.

It strikes me from the Committee's hearings that Andrew Dilnot demonstrated an extraordinary passion for and commitment to what he called the science of statistics in his evidence session. One of the special qualities that he brings to the post is that of being a long-term user, not simply a producer, of statistics—a man who can be not just a guardian, but a champion of statistics in future. The Select Committee report's conclusion states:

"We welcome his independence of mind and his enthusiasm better to communicate statistics and their importance."

The contributions to the debate from both sides of the Chamber, particularly from Members who served on the Committee and heard his evidence, reinforced the point about passion and enthusiasm.

The Chairman of the Committee said that in the appointment process the Committee was concerned to establish personal independence and professional competences. Any hon. Member who has ever worked with Andrew Dilnot, or who has worked in areas of his expertise and activity, has absolutely no cause to doubt his personal independence or his professional competence. Treasury Ministers—I am a former Treasury Minister—waited immediately after the Budget for the Institute for Fiscal Studies assessment and analysis, which was the most significant one. Invariably and reliably, that was delivered with great independence and competence, and it was often delivered personally by Andrew Dilnot.

In conclusion, like the hon. Member for Hereford and South Herefordshire (Jesse Norman), who is not in the Chamber, I too can think of no more fitting and suitable a person for this post in public life in our country than Andrew Dilnot. I welcome him as the Government's preferred candidate and the work of the Committee in the process of his appointment, and I welcome and endorse the report, which concludes:

"His experience makes him eminently fitted for the role."

5.10 pm

Sir Peter Bottomley (Worthing West) (Con): I apologise for not being here at the beginning of the debate, Mr Deputy Speaker, and declare an interest: I am not the statistician in my family.

I believe that those who follow such debates would be well advised to get hold of the Public Administration Committee's sixteenth report of Session 2010 to 2012, HC 910-I, "Appointment of the Chair of the UK Statistics Authority"; the corrected transcript of oral evidence of 10 May 2011 of Sir Michael Scholar, Jil Matheson and Richard Alldritt on the appointment of the chair of the UK Statistics Authority; and the written evidence on the appointment of the chair of the UK Statistics Authority, which contains all but one of eight papers submitted to the Committee. I tried to find out what the missing paper was—it was "UKSA 04"—but "UKSA" also stands for "United Kingdom Sailing Academy", "the United Kingdom's Strongest Athlete" and one or two other things with which I need not delay the House today.

To illustrate that statistics need interpretation, I remind the House that if the UK Statistics Authority reduces its number of staff as it intends, by 2015, the number of staff it had in 2005 would be approximately 42% higher. That is to say that it is a 29.5% reduction from the figure of 2005. That has come about via a 16% reduction from 2005 to now, and there will be another 16% reduction from now until 2015.

That is an example of how, in three sentences, one can cast a cloud over people's understanding, but what it basically means is that we need statisticians and those who read their work. That is why the UK Statistics Authority has a vital role in getting information from the Government out into the open in a way that the outside world can understand and interpret, and feed back to hon. Members in a way that increases our understanding.

I did not believe that it was right to combine the Statistics Commission and the Office for National Statistics, but that is done. Sir Michael Scholar has clearly explained how the UKSA arrangements are supposed to retain a separation between the regulator and the producer of statistics. I am willing to accept that, but I am still not very happy about it.

When Sir Michael Scholar gave evidence to the Committee with Jil Matheson on 10 May 2011, he made some points about the problems that he put to the Prime Minister in 2010. On page 11 of the transcript, Sir Michael said that

"before any significant changes could be made to the statistical capability of a Department, or any major changes to its statistical output, the Department would be obliged to secure the agreement of the National Statistician. That would be going back to a system that pertained in this country during the time that Claus Moser"—

Lord Moser—

"was head of the Central Statistical Office. I asked the Prime Minister if he would go back to that system, which would be something that he could do through administrative action without any need for legislation or for any additional expenditure. I also asked him if he would accept the proposals we had made on prerelease access...My third proposal to him was that he should give the Authority a place in the decision making about cuts in statistical capability across the whole Government. Recognising, in the difficult fiscal position that the Government were and are now in, that there were going to be cuts, we felt it was very important that the Statistics Authority, with a view right across the scene of the whole statistical system, should be brought into the process of decision making about where cuts should be made."

It would be very helpful if the Government, now or shortly, responded to each of those points. We know about the pre-release access—progress has been made on that and it has not brought the roof down—but the other two points still matter and should be made.

The hon. Member for Luton North (Kelvin Hopkins) referred to himself as an "anorak"—which I think is the only word we get from Greenlandish Eskimo, but I stand

to be corrected—and in the hearing on 10 May 2011 he referred to time series. Sir Michael Scholar, the chairman, said, in effect, "I don't think we can give you the assurance that we aren't losing something that is valuable." It would be wise if the Government and the new chairman, together with the national statistician—

Kelvin Hopkins: I raised my concern about the loss of time series in the Select Committee in the last Parliament. I am also worried that the squeeze on expenditure may see valuable time series lost for the future and that would be a great mistake.

Sir Peter Bottomley: It is not just the time series: we also need to protect the extra investment going into the longitudinal studies, which are a vital statistical treasury that can be used both prospectively and retrospectively.

I pay tribute to my hon. Friend the Member for Harwich and North Essex (Mr Jenkin) for the way in which he has chaired the Committee and to Dame Janet Finch, whose dignity helped to resolve an awkward situation. It is vital that we have a chairman who is fair, fearless and clear. That is not a comment on Dame Janet, but on Sir Michael Scholar—and I hope that it is one that we can make in retrospect when Andrew Dilnot retires. Those are the attributes we want from our statistics, and we also need them from the chair of the UKSA.

At one point, the House declined to give its support to someone for that kind of role—when Elizabeth Filkin was the Parliamentary Commissioner for Standards. We paid a price for that. It was a parliamentary price, but there will be a national price to pay if we do not give our support to the chairman and the National Statistician. I therefore commend the motion.

Question put and agreed to.

Resolved,

That this House endorses the nomination of Andrew Dilnot CBE for appointment as Chair of the United Kingdom Statistics Authority.

Business without Debate

CHARITIES BILL [*LORDS*]

Motion made, and Question put forthwith (Standing Order No. 58), That the Bill be now read a Second time.

Question agreed to.

Bill accordingly read a Second time.

Motion made, and Question put forthwith, That the Bill be not committed.—*(Mr Dunne).*

Question agreed to.

Motion made, and Question put forthwith, That the Bill be now read the Third time.

Question agreed to.

Bill accordingly read the Third time and passed, without amendment.

Prevention of Nuclear Proliferation

5.18 pm

The Financial Secretary to the Treasury (Mr Mark Hoban): I beg to move,

That the Financial Restrictions (Iran) Order 2011 (S.I., 2011, No. 2775), dated 21 November 2011, a copy of which was laid before this House on 21 November, be approved.

Today I seek the support of the House for the financial restrictions measures against the Iranian banking sector that the Chancellor announced on 21 November. The Government have taken decisive action to respond to a significant threat against UK national interests by putting a stop to all business between UK financial institutions and those in Iran. The Treasury has laid the Financial Restrictions (Iran) Order 2011 before Parliament under the power in schedule 7 to the Counter-Terrorism Act 2008. This order contains restrictions requiring UK credit and financial institutions to cease business relationships and transactions with all banks operating in Iran, including their branches and subsidiaries, and with the Central Bank of Iran.

I turn first to the rationale behind the order. The Government have serious concerns about activity in Iran that facilitates the development or production of nuclear weapons. This concern has been repeatedly raised by the International Atomic Energy Agency, the UN body charged with monitoring Iran's nuclear activities. Its latest report, in November, highlights its deepening concerns about

"possible military dimensions to Iran's nuclear programme".

The restriction in the order was made in response to Iran's nuclear activities, as highlighted by the IAEA, and the urgent calls from the Financial Action Task Force for counter-measures to be taken against Iran. Iran's nuclear programme poses a significant risk to the UK's national interests. This order seeks to address that.

Paul Flynn (Newport West) (Lab): Is there not a danger, if we push Iran too hard, of it expelling the IAEA inspectors from the country? If that happens, instead of acting in the knowledge with which they provide us, we would be acting in ignorance.

Mr Hoban: It is important that we continue the twin-track approach—of engagement and challenge—that the Government have set out and which the previous Government also followed.

The November IAEA report documents Iran's failure to co-operate fully with the agency and the possible military dimensions to Iran's nuclear programme. The IAEA reports on Iran's programme on a quarterly basis, but the November report set out its concerns in the strongest terms to date. It states that information available to the IAEA indicates that Iran has carried out activities relevant to the development of a nuclear explosive device. The report notes that

"while some of the activities identified have civilian as well as military applications, others are specific to nuclear weapons".

The Government view these developments with the utmost concern.

In response to the November IAEA report, its board of governors issued a resolution expressing "deep and increasing concern" about the possible military dimensions of the Iranian nuclear programme. The board urged Iran

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to abide by its international obligations and called on it to engage seriously on the nuclear issue. These concerns are of the most serious nature and have far-reaching consequences for the UK's interests and those of the region. Some 32 of the 35 countries on the board of governors supported the resolution.

Jonathan Edwards (Carmarthen East and Dinefwr) (PC) The Minister might be about to answer my question, but what are other nation states doing in response to events in Iran? In particular, I am thinking about UN Security Council members Russia and China.

Mr Hoban: I will outline some of the action taken by several countries to exert pressure on the Iranian regime and to ensure that targeted action is taken to prevent the development of nuclear technology. I shall address some of those issues later.

The case for UK action is also underlined by the recent calls from the Financial Action Task Force for countries to apply effective counter-measures to protect their financial sectors from money laundering and financing-of-terrorism risks emanating from Iran. Those calls were renewed with urgency on 28 October 2011 and noted the taskforce's particular and exceptional concern about Iran's failure to address the risk of terrorist financing. It also flagged up its concerns about the serious threat that this posed to the integrity of the international financial system. The taskforce has not expressed such serious and ongoing concerns about any other country.

The UK is leading action against Iran because Iran's proliferation-sensitive activities pose an ongoing concern for the UK and the international community as a whole. The measure that we have imposed is strong but necessary, and we encourage other countries to take similar tough action. The UK is an important global financial centre, so UK restrictions will have a significant impact on the options available to Iranian banks. That will make it more difficult for Iranian banks to use the international financial system in support of proliferation-sensitive activities and protect the integrity of the UK financial sector. Other countries share our and the taskforce's concern about Iran's nuclear activities.

Mr Jack Straw (Blackburn) (Lab) *rose—*

Mr Hoban: I will finish this paragraph and then give way.

That includes the US and Canada, which implemented further restrictive measures against Iran on 21 November, alongside the action that the UK took.

Mr Straw: I sought to intervene on the Minister when he started talking about other countries. One of the things that slightly surprise me about this measure, whatever its merits, is that only two other countries supported it, which left us rather isolated and an easy target for the thugs in Tehran. Why did the Government not discuss and then take steps to agree with as many European Union partners as possible a similar measure in advance of this measure being promulgated?

Mr Hoban: Given the UK's importance as a financial centre and its interconnectedness, there was an opportunity to act to close down opportunities for banks in Iran to use our facilities. The other point is that on the day that we announced our measures, President Sarkozy wrote to us supporting our financial sanctions and also proposing sanctions on oil. There will be a further debate in the European Union about that next month at the Foreign Affairs Council, where we will push this issue further. We are working in concert, not just with our European allies but with the US and Canada, as I have said. Indeed, the EU already has strong financial sanctions in place against Iran, and introduced asset-freezing measures and travel bans against 180 Iranian individuals and entities at the beginning of this month. The EU is considering taking further measures to implement that, and we will be pushing our partners to take strong measures too.

Mr Straw: I am grateful to the Minister for giving way, but with great respect, I am still rather perplexed. We are members of the EU, and although I am aware of the individual-specific action that the EU is taking, that is different from the measures in this order. What I simply do not understand, just to repeat the point, is this. Whatever the merits of this measure, the manner of its introduction must leave us very isolated and exposed. Why was there such a hurry? Was it because of an American timetable, or was there some other, more commendable reason for doing it in advance of getting what I would have thought the Minister might judge to be a significant number of other nations alongside us and then making a co-ordinated announcement?

Mr Hoban: The Government bore in mind when making their decision the strong concerns raised by the IAEA in its November report. Indeed, the way in which it expressed them marked a step change in its level of concern compared with previous quarterly reports. The increase in concern on the part of the Financial Action Task Force about how financial systems could be used to finance terrorist acts or in other areas led to the Government's decision to move, which was an important thing to do. It is a proportionate response to the risk posed by Iran to require the UK financial sector to cease all business relationships and transactions with the Iranian banks and their branches and subsidiaries, including the Central Bank of Iran.

Mr Ben Wallace (Wyre and Preston North) (Con): Can my hon. Friend perhaps answer a technical question relating to the Treasury's responsibilities? Is the United Kingdom in the correct legal position unilaterally to stop banks being used in trade with Iran, or could we find UK companies that abide by the European Union ruling or law, which still allows that, taking the UK Government to court to allow them to continue using those banks?

Mr Hoban: We are acting under powers that were put on the statute book by the previous Government. My hon. Friend will be aware that there is a licensing regime in place, and some licences have already been issued on a general basis—there are applications that I shall perhaps turn to a little later when dealing with specific examples. Permission has been given on a general basis to enable transactions to be completed, for example, so there is a regime in place. However, if my hon. Friend has particular concerns, I would encourage him to engage with Treasury officials to take them forward. I know that my hon.

Friend, as chairman of the British-Iranian all-party group, has a clear interest in this subject. If there are particular concerns of which businesses are aware, I encourage them to talk to us about them.

Jeremy Corbyn (Islington North) (Lab): The Minister has been speaking for about 10 minutes, during which he has come from expressing concerns about Iran's nuclear activities to discussing financial regulations. He would, however, recognise that Iran remains a signatory to the nuclear non-proliferation treaty. Does the Minister not think that a serious diplomatic initiative by all members subscribed to the nuclear non-proliferation treaty would be a more fruitful way of dealing with the issue, rather than descending to what some of us fear will be a much more serious situation, including possible military conflict with Iran?

Mr Hoban: The purpose of the order is not to enable debate of the broader issues of engagement with Iran, but to put in place financial restrictions against Iran. As I said earlier, there is a twin-track approach of both engagement and sanctions, where appropriate. That is what we are doing. I think we would all want Iran to come back and engage in this process; we need to find a mechanism for that to happen.

Let me return to explaining why we have imposed the restrictions in the order. Iranian banks play a crucial role in providing financial services to individuals and entities within Iran's nuclear and ballistic missile programmes. Many Iranian banks have already been sanctioned by the UN and the EU for their role in Iran's proliferation-sensitive activities. However, experience under existing financial sanctions against Iran demonstrates that targeting individual Iranian banks is no longer sufficient. Once one bank is targeted, a new one can step into its place.

Taking this action will also protect the UK financial sector from the risk of being used unwittingly to facilitate activities that support Iran's nuclear and ballistic missile programmes. As I said to the hon. Member for Islington North (Jeremy Corbyn), the action is in line with the Government's dual-track strategy of pressure and engagement with Iran. The aim of the pressure track is to encourage Iran to begin serious and meaningful negotiations.

Let me explain the specifics of the order. It was made under schedule 7 to the Counter-Terrorism Act 2008, which provides the Treasury with the power to give a range of restrictions to UK credit and financial institutions in response to certain risks to the UK national interest. The power enables the Treasury to respond to proliferation risks, money laundering and terrorist-financing risks, or where the Financial Action Task Force calls for counter-measures. The restrictions in the order sit alongside sanctions already imposed on Iran by the UN and the EU, but go further, as they prohibit additional activities.

The restrictions came into force at 3 pm on 21 November 2011; shortly after that, the Treasury published a series of documents on its public website to alert the financial sector to the restrictions and to provide detailed guidance on their implementation. Those documents were also e-mailed to more than 13,000 subscribers to our e-mail alert system. In previous debates on these measures, one concern raised by the Opposition was about how we ensure that people are made aware of the restrictions.

Paul Flynn: Will the Minister give way?

Mr Hoban: I want to make some progress. This is a time-limited debate, and in looking at the number of Members present on both sides of the House, I am conscious that others wish to participate.

The Treasury asked various supervisors, including the Financial Services Authority, Her Majesty's Revenue and Customs and other Government organisations, to publicise the restrictions and to provide information to firms on the requirements associated with them. Alongside the order, we published six general licences exempting specific activities from the restrictions. Those general licences enable credit and financial institutions with existing business relationships or transactions with the entities concerned to manage the cessation of business in an orderly and controlled way. The licences permit the provision of financial services for humanitarian purposes and of personal remittances between individuals here and in Iran. Further licences, whether general or individual, may be granted by the Treasury to manage the impact of the requirements on third parties. This approach is similar to that used in asset-freezing measures.

The restrictions apply requirements to persons operating in the UK financial sector, including FSA-authorised firms, money service businesses and insurers. Firms are required to establish whether any current or future business relationships or transactions are affected and comply with the requirements of the restrictions. Although the restrictions are given only to the financial sector, they will make it more difficult for other companies to trade with Iran. The UK Government actively discourage trade with Iran, and UK trade with the country has declined by 46% during the first eight months of this year in comparison with the same period in 2010.

As I said to my hon. Friend the Member for Wyre and Preston North (Mr Wallace), companies affected by the restrictions can apply for a licence of exemption, and we are willing to grant licences where UK companies are owed money under existing contracts that can only be paid via an Iranian bank to the company's UK account. We will examine applications on a case-by-case basis.

The use of existing procedures means that firms will already have in place systems to meet obligations relating to financial sanctions and anti-money laundering, which should assist in minimising the burden of compliance with the restrictions. All institutions operating in the UK financial sector will need to ensure that they do not undertake new transactions or enter into new business relationships with any bank incorporated in Iran, including the central bank, and branches or subsidiaries. It is expected that compliance costs for the sector as a whole will be moderate, although any institution with significant business relationships with an Iranian bank will face higher costs.

Supervision of compliance with the restrictions will form part of the existing supervisory regime of entities such as the FSA, Her Majesty's Revenue and Customs, the Office of Fair Trading, and the Department for Enterprise, Trade and Innovation in Northern Ireland. It is an offence to fail to comply with the requirements of the direction or intentionally to circumvent the requirements. Breaches may be subject to civil penalties imposed by supervisors, or to criminal prosecution. The maximum criminal penalties are: a fine not exceeding

[Mr Hoban]

the statutory maximum, £5,000, in the magistrates court; or two years' imprisonment or an unlimited fine in the Crown court. Those penalties are equivalent to those for breach of other financial sanctions regimes such as the EU asset-freezing regime in relation to Iran. The financial services sector takes very seriously the implementation of restrictions and sanctions, and takes steps to ensure its compliance with any restrictions.

To conclude, the order was issued by the Government to respond to the severe risk that Iran's nuclear activities pose to the UK national interest. The measure is strong but necessary. Iran's proliferation-sensitive activities are a serious and ongoing concern for the UK and the international community as a whole. It is vital that we continue to take steps to increase pressure on the Iranian regime and encourage Iran back to the negotiating table to find a diplomatic solution. For those reasons, I commend the order to the House.

Mr Deputy Speaker (Mr Nigel Evans): I remind the House that the debate can continue until no later than 6.48. After the shadow Minister has finished speaking, Members will wish to do the maths in their heads to divvy up the time. If they do not do so, in the spirit of Christmas, a time limit will be introduced.

5.37 pm

Chris Leslie (Nottingham East) (Lab/Co-op): As the Minister has outlined, events in Iran in recent months and weeks have been deeply concerning. It is right that we have a debate today on the nature of the British response to those troubling developments. Elements within the Iranian regime have been fomenting public discontent outwards towards other countries, partly in an attempt to stop the Iranian people looking inwards at the regime itself. The increased fuelling of hostility to the outside world is a worrying move, to which neither we nor the international community can afford to turn a blind eye.

Last month, the comprehensive and unequivocal report from the International Atomic Energy Agency made clear the fact that there is an accumulating body of evidence regarding the possible military dimensions of the nuclear programme in Iran. As the Minister has said, in the light of that, it was right that the UK, along with the US and Canada, took the decision to increase diplomatic pressure on the regime in Iran.

We welcome the Chancellor's announcement that the UK would sever all ties with Iranian banks, including the Central Bank of Iran. As the Minister said, a position came into force on 21 November and is now formally before the House. Since then, important developments have taken place. Following the announcement of the further sanctions, the Iranian Parliament approved a Bill that called for the downgrading of diplomatic ties between Iran and the UK, and several MPs in the Iranian Parliament chanted "Death to Britain" as the measure was adopted. Within a few days, hundreds of demonstrators overran the city centre compound of the British embassy in Tehran. They looted and vandalised the homes of embassy staff and set fire to the main buildings, while Britain's second embassy compound in the north of Tehran was simultaneously attacked and looted.

I echo the Minister's comments. I also fully support the remarks made on 30 November by the shadow Foreign Secretary, my right hon. Friend the Member for Paisley and Renfrewshire South (Mr Alexander), about the "unyielding professionalism and... bravery" of our UK diplomatic staff in Iran.

The notion that such an assault against our embassy could take place without permission, and indeed instruction, from elements in the Iranian regime is too far-fetched to be entertained, and the belated and limited response from the Iranian diplomatic police serves further to discredit such delusions. Let us be clear: this was a co-ordinated attack on two British embassy compounds by a student militia controlled by elements within the regime.

All diplomatic avenues available to the UK and the international community must surely be pursued to increase the peaceful pressure on the regime in Iran to ensure that it fulfils its responsibilities and obligations under international law, and the financial restrictions that we are discussing today should be seen in that light. The attacks on and looting of the British embassy compounds in Tehran following the measures that we are debating serve to highlight the desperation of the regime in the face of increasing pressure and isolation from the international community. It is therefore right for us to cease dealings with Iranian banks and their subsidiaries, and with the Central Bank of Iran, to avert the risk of the financing of terrorism or money-laundering activities emanating from Iran.

Mr Straw: May I say now what I should have said in my first intervention? I declare my interest as a co-chairman of the all-party parliamentary group on Iran, although I have absolutely no financial interest.

I am listening carefully to what my hon. Friend is saying. Does he share my significant concern about the fact that we were joined by only two other countries in advancing this proposal? If the case was as strong as is suggested, we could surely have had many others alongside us, and our diplomats would not have been exposed in Tehran as they were.

Chris Leslie: I understand my right hon. Friend's point, which brings me neatly to the five questions that I wish to ask the Minister.

The Government say in the impact assessment that they want to press for further international action. They also say that

> "there is a risk that the measure will be weakened by financial institutions in other countries providing financial services to Iranian banks, including in support of Iran's proliferation-sensitive activities".

My question to the Minister echoes some of the concerns expressed by my right hon. Friend. Will he assure us that he and his Foreign Office colleagues will be active in using all available diplomatic channels to put pressure on other countries to impose sanctions similar to those bilaterally imposed by the United Kingdom, the United States and Canada? It is clear that a concerted international effort is greatly needed to put further pressure on Iran to change course.

We think it important to support the order, but some of my questions are important as well, including one concerning enforcement and penalties. We know that there have been instances of financial institutions breaking

rules laid down to prevent Iran's progress towards nuclear capability. Two years ago, in December 2009, Credit Suisse was fined $536 million in the United States for the removal of information in relation to the origination of US-bound transactions from the "Atomic Energy Organization of Iran" and the Iranian "Aerospace Industries Organization". In January 2009 Lloyds bank was fined a substantial $350 million in the United States for similar breaches involving Iran and other international restrictions, while in August 2010 Barclays was fined $300 million.

Criminal offence and civil penalties will apply in relation to non-compliance with—or knowledge of, and intentional circumvention of—the new requirements that we are discussing. The penalties are the same as those that the enforcement authorities and courts have in respect of non-compliance under the money laundering regulations 2007—fines, imprisonment for a maximum of two years and so on. The Americans clearly take breaches very seriously, as is shown by the scale of the fines they have imposed, so my question to the Minister is: can he reassure the House that the UK will take a similarly robust approach, with penalties on a scale that reflects the seriousness of the offence, both to prevent breaches of the rules and to punish appropriately those who breach them?

My third question for the Minister relates to the explanatory memorandum, which makes it clear that a licence for exemptions from this order can be granted by the Minister on a case-by-case basis. The impact assessment states that

> "it is unlikely we will license significant further exemptions for businesses as this would risk undermining the purpose of the measure".

That is self-explanatory. We recognise that exemptions are not likely to take place on a significant scale, but will the Minister set out in what circumstances exemptions might be made to those restrictions?

My fourth question relates to the fact that the order has a time limit of a year and, under paragraph 38 of schedule 7 to the Counter-Terrorism Act 2008, the Treasury will be obliged to report every year on the exercise of its functions under that schedule. The Minister has said, as does the explanatory memorandum, that the order will be kept under review, but given the fast-moving developments and narrow time scales involved in the situation with Iran, will he commit to reporting to this House before the annual deadline if circumstances change—for instance, if negotiations on the nuclear programme were to improve or worsen? We hope that the latter would not be the case.

Lastly, will the Minister make it clear to the House, and leave no doubt about the message we are sending today to the people of Iran and to the international community more widely, that despite attacks on our channels of diplomacy with assaults on our embassy, we will not be deterred from actively and creatively pursuing all diplomatic options at our disposal to ensure that Iran upholds its responsibilities and obligations under international law? There is a widespread hope that diplomacy must prevail. We, and other nations around the globe, cannot afford to be complacent. The Opposition welcome this measure from the Treasury and hope that, with the Foreign Office, it will, as my right hon. Friend the Member for Blackburn (Mr Straw) said, be proactive in building a broader diplomatic effort across the globe to stop Iran flouting international law.

Several hon. Members *rose—*

Mr Deputy Speaker (Mr Nigel Evans): As earlier, I ask hon. Members to look to see how many others are standing. I think that there are about nine, we have to finish in an hour's time, and I am sure that the Minister will want three minutes or so to wind up.

5.47 pm

Mr Ben Wallace (Wyre and Preston North) (Con): May I declare an interest, as co-chair of the all-party group on Iran? I apologise to you, Mr Deputy Speaker, for the fact that I shall have to leave before the conclusion of the debate as I have to chair the group's meeting on *The Daily Telegraph* versus *The Guardian* on the future of Iran, which we hope will be an entertaining event.

I would like to put on the record why I support the Government's attempt to impose sanctions on financial transactions coming out of Iran. My support is not unqualified, but I support the aims and ambitions. It is absolutely clear that in the past decade or so Iran has used a plethora of its banking network to fund Hezbollah and other organisations, and to try to acquire conventional and perhaps potential nuclear parts for its programmes at home. So I understand what our Government are trying to achieve.

I would have been less supportive before June to July 2009. Before then—indeed, when I last visited Iran—whatever we may have thought of the Iranian Government, they ruled by consent, and attempts were made by a number of senior members of the Iranian Government to reform Iran. Unfortunately, after President Ahmadinejad's last election, we have seen a clear move away from the rule of law towards a much more totalitarian state. Anyone who has contacts with the Baha'is or with mere critics of the Iranian Government will notice that these people's human rights are constantly being exempted from the Iranian constitution under the guise of "national security", "spying" and so on. All those traits lead me to worry about the shifting nature of the regime.

I know enough about Iranian history to put aside the rhetoric. Death to America day is still an annual event in the Iranian calendar and has been since 1981, but let us not forget that before that there were plenty of other annual events, under both shahs and even before that, which related to us, too. I put aside the rhetoric because it is a regular occurrence that the British embassy is abused. Every Tuesday rent-a-mob turn up on a bus and stones are thrown over the wall. When I was there they were pelting stones into the garden. Under the previous Government it was invaded twice, although certainly not as seriously, and without any threat. We should be in no doubt that that is certainly co-ordinated.

The antagonism towards the British embassy goes back hundreds of years to the time of the "great game". More recently, in the '80s, the street running parallel to it was renamed Bobby Sands avenue, just to annoy us. It is a game the Iranians play, I am afraid, and one could say that part of the Iranians' problem is that they have too much history, not too little, to draw on.

I shall push aside the rhetoric, however, and focus on what is more worrying: the nature of the regime. I can understand that it is certainly time to send a strong

[Mr Ben Wallace]

message that the rule of law is the best protection for the Iranian people and the Iranian street. I mean the rule of law according to their constitution not ours, not a rule of law that we seek to impose on them. Their constitution is actually one of the few in the middle east to give automatic rights to Jews, Christians and a range of other peoples. By making those exemptions, they show the danger of the nature of regime that the west and the rest of the United Nations should seek to put right.

Mr Brian Binley (Northampton South) (Con): I thank my hon. Friend for giving way, and I shall be very brief. Does not my hon. Friend agree that although the Iranians may have the constitution in place, they certainly do not act as though a constitution were in place? Therein lies the problem with human rights.

Mr Wallace: Absolutely. They do so less and less each day, and that is one of the major regrets for someone such as me who believes that Iran has a great future and that the west often looks to the wrong allies in the middle east in the long term. I disagree, however, with the position on the Mujahedin-e Khalq. I believe that if one of the few things the Iranians and the Americans both agree on is that the MEK should be a proscribed terrorist organisation, we should perhaps maintain that.

I have some specific questions for the Minister about the sanctions. Why did he choose to include the Central Bank of Iran? A number of cases have been brought to my attention, including one from a company in Cambridge that has gone through five regimes of British export licences, and has European as well as Treasury approval to sell engineering goods to Iran. It is owed £12 million for goods already delivered and the sanctions—either those effectively extraterritorially imposed by the United States or our own—have prevented it from getting its money. I suspect—in fact, I know—that that threatens its very viability. When I went to visit Treasury officials, the answer to the problem was that they did not really get engaged in commercial-to-commercial decisions. I am afraid that the Treasury's decisions have caused the problem, and in the past, companies—including American companies—have used a corridor from central bank to central bank to clear certain moneys. Not so long ago, JP Morgan in New York received money from Iranians that was owed to an American/UK contractor. If they can do it, so can we.

Bob Stewart (Beckenham) (Con): The only question I would ask is: would not the Iranians consider it to be part of the irritation factor not to use such a channel, if there was one? They could stop that payment, which is owed to one of our companies, just to irritate us further, even if there was such an avenue.

Mr Wallace: My hon. Friend would have a point if it was not for the fact that at the moment, the Iranians need our goods more than we need theirs. I meet plenty of day-to-day Iranians in business and everything else—not in my business, as I do not have any such interests—who try to do the right thing and live by the rule of law.

Secondly, I ask the Minister what our European colleagues are doing. Historically, Germany and Italy are some of the biggest traders with Iran, and my worry is that the strength of the E3 plus 3 was unity. That was its strength: we brought together the three European powers of Britain, Germany and France along with China, Russia and America. For every round of sanctions that has come before this House or the international community, there have been fewer and fewer signatories to it. As the right hon. Member for Blackburn (Mr Straw) pointed out, as we get fewer and fewer signatories we are at risk of undermining the message that says that we all agree that Iran should not be progressing along such a path.

My worry is that the Iranians are super-sensitive to such differences. They are one of the greatest trading nations in history, of course, and my word, are they canny! When I was there, there was no shortage of some of the things that were subject to sanctions. They used to use the Bahrainis as one of the greatest routes for money, goods, new cars and so on. Without Germany and without Italy, there is a real danger that we could be left high and dry.

Mr Straw: May I, as one of the three Foreign Ministers who got the arrangement going in the middle of 2003, underline the hon. Gentleman's point about the E3? There were two huge advantages. One was that we were not the United States, although we consulted them, and the second was that because France, Germany and the UK were working together, each of us could reach out to a series of other allies. We did not just get three rather large countries on board but many others, too.

Mr Wallace: It is absolutely true that Russia and China often need to know that the west is united before they move from an agnostic position to a proactive one. One worry I have about the full closure of the embassy in Tehran is the fact that I have seen the Chinese and Russian embassies in Tehran, and the Chinese and the Russians will not waste any time in becoming the prominent voice of the E3 plus 3. I know that we have not shut down diplomatic relations, and I reiterate the importance of that.

Another thing to which the Iranians will be hypersensitive is the charge of hypocrisy in the middle east. We must always be aware of it. Pakistan is one of their neighbours, and it not only started a nuclear programme but distributed it. In fact, Mr Khan is probably the one responsible for giving the Iranian programme a bit of a boost. The response to that is that the west has done everything other than punish the Pakistanis for not being a signatory of the nuclear non-proliferation pact: therein lies part of the problem. I noticed last week that Australia has agreed to sell uranium to India. India is not a signatory of the nuclear non-proliferation pact and is not going by that rule, and although the nature of the Indian Government is entirely different, the Iranians are obsessed with treaties and they can see what is happening. We must be consistent.

The other issue is Israel, of course. This is not about the conflict or whether it is right or wrong, but Israel is another country in the middle east with a nuclear weapon that does not sign up to the UN nuclear non-proliferation regime at all. That will be used against us. As long as we are consistent and say to Iran that it must comply, but we would also like Israel to comply, that strengthens our hand.

Thirdly—and finally, because I am aware that many people wish to speak—where will we go from here on sanctions? It is important to recognise that sanctions

are part of the process of trying to bring Iran back to the rule of law, and back to attempts to solve the issue by allowing inspectors in. That would allow Iran to play a full role in the world, which it should do, and would allow the Iranian leaders to understand that we are not trying to make war with Iran but to make peace and allow it to live to its full potential. The worst thing for the Treasury and this Government would not be if the sanctions failed, but a war or military intervention that would see oil prices go through the roof. I do not think that this frail economy could survive oil at $250 a barrel.

Several hon. Members *rose—*

Mr Deputy Speaker (Mr Nigel Evans): Order. There will now be a five-minute limit on speeches, with the usual injury time for interventions.

5.59 pm

Paul Flynn (Newport West) (Lab): The threat of war is far more serious than an increase in oil prices. The effect of a war, particularly if nuclear weapons were involved, would be almost unimaginable, particularly given the situation regarding Iran and its clients in Hezbollah and other groups. We should not treat this issue lightly or suggest that it is not important that we are seeing a new nuclear state because it would lead, I am certain, to others such as Turkey and Saudi Arabia also wishing to acquire nuclear weapons. The great fear is that a wall of sanctions can rapidly become a war of weapons. I have watched two terrible decisions being made in this House, and I believe we are on the brink of stumbling into another dreadful conflict.

When we went to join Bush's war in Iraq, that decision was taken on the basis of a deception in the House. Eighty Labour MPs opposed the war and had signified their opposition to it, but during the debate they were bribed, bullied and bamboozled into abstaining or voting for the war. The majority on which that measure was passed was 179—coincidentally exactly the number of our brave troops who died in that war. If we had known the truth then, that war would not have taken place because 80 Labour MPs would have opposed it.

I have also seen the second-worst decision in my time here—the decision to go into Helmand province in 2006. At that time, only two British soldiers had died in the conflict. The figure is now 192. Again, the basis on which that decision was taken was the hope that not a shot would be fired and that we would be there for, at the most, three years for supervision purposes. We are now in grave danger of deepening the chasm of suspicion between ourselves and Iran.

There are reasons for saying that although the Arab awakening has not affected Iran in the same way as it has many other countries in the region, there is discontent in that country. There is division on almost all issues except one—the nuclear issue. If there is any way of guaranteeing that almost all sides of opinion in Iran join together it is the threat from outside—from us—which wants to deny it the possibility of having a nuclear power programme or the nuclear weapons that Israel, Pakistan and India already have. The great danger is that this escalation seems to be going on now. We should be seeking means of reducing the tension, building confidence and bridging the gap. We know the provocations that have taken place, but there is this grave danger. Unless we recognise the truth of the threat, we might find ourselves in another terrible situation of going along a slippery slope that could lead to warfare—in this case, possibly nuclear warfare.

6.3 pm

Mr Brian Binley (Northampton South) (Con): Let me say at the outset, in order to set my hon. Friend the Minister's mind at rest, that I fully support the measures that the Government have taken on sanctions. I welcome the sanctions as they have been levied, but I would have wished us to have applied a whole series of sanctions in a more programmed and measured way for a longer period. However, we are where we are. The information I am getting from people inside Iran is that the sanctions are already proving quite successful, but I think the Minister mentioned that.

The action of shutting the Iranian embassy in London and downgrading our staff in Tehran desperately needs to be followed up by our European Union partners and others in the wider western world. It has been a tragedy over many years that we have consistently given messages suggesting that we were attempting to appease the mullahs as though they were friendly English vicars eating cucumber sandwiches and drinking their tea on their lawned gardens. We all know that not to be the truth, but that impression seems to have been ingrained in the Foreign Office for a long time. Every time I talk to the Foreign Office about Iran, it seems to want to bring the mullahs on board, as though any kind of appeasement would achieve a friendly outcome in which we could all eat cucumber sandwiches together. There is no hope of that, so we need to go further and apply sanctions, perhaps in the oil and gas arena, but we need the help of other nations to do that. The Germans and French seem particularly concerned about our interests at the moment, but doing that would be in their interests. We are talking about a mediaeval theocracy that is building a nuclear weapon, and that is very surprising.

Let me remind the Minister that the Iranian people had the courage and the bravery to start the first demonstration that could be described as the beginning of the middle east spring—I shall not call it the Arab spring, for obvious reasons. They were the people who recognised that their elections were corrupt and who rose up in their hundreds of thousands to make a point to a regime that they have found difficult to influence. We have talked about the constitution, but that constitution is not regarded very highly by the people who have a duty and a responsibility to operate it.

Let us look at Iran's human rights record. Minors have been executed: Amnesty International said only a short time ago that a 16 and 17-year-old were hanged this year. Young women are being stoned, and trade unionists, students, bloggers and members of the Baha'i faith have been imprisoned and, in some cases, hanged. Three fathers who went to visit their children in Camp Ashraf in Iraq were charged on their return with moharebeh—being an enemy of God. Those three people were killed too. So much for a constitution.

This is a country that needs to see strong measures from the west and to hear strong messages that we support what is a sizeable wish for democracy and freedom. The sanctions are a measure in the right direction, but more needs to be done. I ask Ministers to make every effort to implore their fellow Ministers in the EU and beyond to

[Mr Brian Binley]

send a strong message that will give hope to the people of Iran and to those Iranians who are working externally for a free and democratic Iran.

6.8 pm

Jeremy Corbyn (Islington North) (Lab): In this brief debate, we should think very carefully about the long-term implications of the path on which we are apparently setting out today. I recognise much of what was said by the hon. Members for Northampton South (Mr Binley) and for Wyre and Preston North (Mr Wallace) about human rights abuses in Iran. I draw attention to early-day motion 2526 concerning trade unionists in Iran, and there are human rights abuses against people of the Baha'i faith, Kurdish people and others. I am extremely well aware of the abuse of human rights that takes place in Iran and of the determination of many people, including working-class people, trade unionists and intellectuals, to do something about their society and to take part in that political debate. We should recognise that a lively, if robust and sometimes very dangerous, political debate is going on in Iran.

We should also think carefully about the rhetoric we use when we talk about Iran. Iran is an inheritor of the Persian tradition, a place of enormous civilisation and culture, and a place of enormous unity when faced with an external threat, as my Friend the Member for Newport West (Paul Flynn) pointed out. We should not denigrate the whole history of the Persian people and the contribution that they have made to history while ignoring our own scandalous role in their history, from the attempts at exploiting oil, which eventually led to the formation of the Anglo-Iranian Oil Company, which became BP, through to the coup in 1952 inspired by the British and the CIA. We do not have clean hands in the history of Iran, and we should have some humility when dealing with the situation there.

Jonathan Edwards (Carmarthen East and Dinefwr) (PC): To add to that point, does the hon. Gentleman agree that the last thing we should try to do now is demonise Iran?

Jeremy Corbyn: Absolutely. I sat in the Chamber in the run-up to the wars in Afghanistan and Iraq, when the House indulged in an orgy of demonisation of a particular country. That created a sufficient head of steam in public opinion that was deemed by the Governments of the day to endorse an invasion of those countries. I remind the House that 10 years later we are still in Afghanistan, we have spent £9 billion or £10 billion on wars in Iraq and Afghanistan, and there is no end in sight.

The reason the Minister gave for proposing the Financial Restrictions (Iran) Order 2011 to the House was that this is a banking order—a finance order—but he relied heavily on the IAEA reports and the issue of Iran's nuclear capacity and nuclear capability. I stand here as somebody who is passionately opposed to nuclear power and nuclear weapons in equal measure. I believe nuclear power to be intrinsically environmentally unsustainable and dangerous, and I think nuclear weapons are absolutely immoral. However, I recognise that in law there is a distinction in that any country is allowed to develop nuclear power; it is not allowed to develop nuclear weapons.

Iran remains a signatory to the nuclear non-proliferation treaty. Last year's NPT review conference came to the conclusion that the best way of bringing about a nuclear-free world—a big step—would be the creation of a nuclear-free middle east. That would, of course, mean a mechanism for negotiation involving Israel and Iran. Israel, I remind the House, has 200 nuclear warheads and the rhetoric of the Israeli leaders is strongly critical of Iran. We need to bring about a mechanism, impossible within the NPT while Israel remains outside it, and possible only within the terms of a nuclear weapons convention. I hope the Government will put considerable efforts into promoting a nuclear weapons convention, and retaining a diplomatic link and debate, negotiation and discussion within Iran.

There are those who say that the war has not started yet and there is nothing to worry about. I remind them of a number of facts. One is that the US fleet in the Gulf is enhanced and enormous. There is a US base in Bahrain. Iran shot down and captured a drone missile that had apparently strayed over the border or been deliberately sent over it, depending which narrative we care to follow. A serious and significant number of assassinations and explosions have occurred in Iran over the past few weeks, with greater and greater intensity. I do not know who is causing those explosions. It could be foreign forces; it could be internal opposition; it could be all kinds of people, but there are clearly enormous tensions. Isolating Iran in the current circumstances is more dangerous than anything else I can think of.

Martin Horwood (Cheltenham) (LD): The hon. Gentleman is making some interesting points, but I am not clear whether he opposes a tougher sanctions regime. Surely a tougher regime is the peaceful means by which we will persuade Iran not to develop nuclear weapons, and therefore avoid the higher risk of another state intervening in a more aggressive and violent way.

Jeremy Corbyn: What I want is engagement and recognition, first, of the human rights abuses in Iran, which are clearly immoral and wrong; a great deal of attention has been drawn to those. Secondly, serious engagement is needed that does not lead us to a descent into war with all the incalculable consequences of that, not to mention very high oil prices for the rest of the world. Today's debate is, to me, one staging post in the process. Whether the sanctions will have any effect I have no idea. I suspect they will have very limited effect, particularly as my right hon. Friend the Member for Blackburn (Mr Straw) pointed out that they are being imposed by Britain with the United States, virtually in isolation from the rest of the world.

I hope we have learned lessons about the folly and stupidity of getting involved in wars that allegedly are for our own protection, but in reality are often seen to be part of western expansionism and the assertion of US power within the whole region. We are here to make a decision on one fairly small aspect. I hope we can be a little more careful and sensible about this and recognise that there are very many people in Iran who will be united, as my Friend the Member for Newport West pointed out, in opposition to any foreign intervention and any invasion of Iran. Perhaps it is those people whom we should be thinking about now, rather than preparing for yet another war.

6.15 pm

Robert Halfon (Harlow) (Con): I welcome this debate because, contrary to what has just been said, I believe that Iran is in essence the new Soviet Union of the middle east. It supports terrorism. We know well its strong backing of Hezbollah in Lebanon. It supplies Hezbollah with the missiles and the finance that it needs to destabilise the region and to fire attack missiles on Israel. Iran also supports Hamas, and we know what Hamas has done in Gaza, overthrowing the more moderate Palestinian Authority, running a totalitarian mini-state known as Hamastan in Gaza, stopping moves towards peace and regularly firing missiles on Israel.

Iran has also undermined democratic states. Not long ago it fired missiles on to the Kurdish regional Government. It is supporting the Syrian Government of President Assad and his crackdown on the recent anti-Government protests. It has provided the Syrian authorities with equipment, advice and technical know-how to help curtail and monitor internal communications. It has provided material assistance in the form of riot and crowd dispersal material, as well as military training for Syrian troops. Hamas, Hezbollah and Syria are in essence proxies for Iran. We well know that Iran has sent suicide bombers into Iraq and attacked our troops.

All this would be bad enough were it not for Iran's nuclear programme. As has been said, the development of the nuclear bomb in Iran is incredibly concerning. The IAEA report has been highlighted and clearly shows that Iran has been covertly developing the technology needed to weaponise nuclear material. If we think the current Iranian regime is extreme, its so-called more moderate predecessor said that it would be okay to use a nuclear bomb in the middle east against Israel, because if a few million are killed in the process, it does not matter for the wider good.

Jeremy Corbyn: The hon. Gentleman mentioned nuclear weapons. Does he not have concerns that Israel has 200 nuclear warheads and is not a signatory to the nuclear non-proliferation treaty? Does he not think a nuclear weapons convention including Israel would be a helpful step forward in the region?

Robert Halfon: I am happy for any nuclear convention to reduce nuclear weapons in the middle east, but the crucial point that the hon. Gentleman misses is that Israel is a democracy and Iran is a dictatorship.

Mike Freer (Finchley and Golders Green) (Con): I agree with my hon. Friend. May I point out that it is not Israel that has threatened to wipe its neighbour off the face of the earth? Is that not the key point?

Robert Halfon: My hon. Friend, who is a strong supporter of Israel, is exactly right.

The one difference between Iran and the Soviet Union is that, when the Soviet Union and the west had nuclear weapons, we lived under the doctrine known as MAD, mutually assured destruction, and for MAD to work one had to be sane, but the sad fact is that Iran does not have that level of sanity, given that, as my hon. Friend says, the President often says that he wants to wipe Israel off the map. We know how the regime behaves from its recent treatment and trashing of the UK embassy, from its taking of American hostages and from its many other human rights abuses.

The hon. Member for Islington North (Jeremy Corbyn) mentioned the abuse of trade unionists and the imprisonment of women, an issue that *The Times* has highlighted so well, so I strongly welcome the fact that the Government have brought in the tough measures before us. This is the first time the UK has used such powers to cut off an entire country's banking sector from our financial sector, and that is hugely important not just because of the hoped-for effect of stopping the Iranian nuclear regime, but because of the message that it sends to other tyrannical regimes throughout the world—that Britain will not be weak, but be strong and do everything it can to stop the actions of such dictators.

Although I strongly welcome these tough sanctions and praise the Treasury for having the courage to introduce them, I note that we may be too late. Iran is not far off acquiring a nuclear bomb, and we—perhaps not this country itself, but NATO—may need to take further military action to rid the world of that bomb, to put pressure on the country's evil regime and to bring about a true democracy, with the rule of law, freedom and everything that the Iranian people deserve.

6.21 pm

John McDonnell (Hayes and Harlington) (Lab): I, too, preface my remarks by stating that I have been a consistent opponent of the regime in Iran. I founded the Hands Off the People of Iran organisation in this country to campaign for the restoration of democracy in Iran and, with my hon. Friend the Member for Islington North (Jeremy Corbyn) and the hon. Member for Northampton South (Mr Binley), have signed a number of early-day motions in support of human rights in Iran. I have focused on the persecution of trade unionists, particularly those in the Tehran bus workers union, but I also led the campaign in this country to free Jafar Panahi, the film director.

Having said all that, I am extremely fearful of the statutory instrument under consideration, because I fear that it will take us into the cul-de-sac of war, which is an all too familiar path for us in this country: we seem to find an opponent, which is usually associated with minerals or oil; we then find that it is a threat to world safety; and we then find or concoct evidence of that threat. The International Atomic Energy Agency's recent report failed to find any conclusive evidence of nuclear weapons production and, in fact, found no evidence of Iran's

"diversion of declared nuclear material"

to weapons production.

The report relies on past evidence, which we have debated in the House before: a laptop computer, originating we believe from the Israeli or US intelligence services and referring to the development of a nuclear weapons programme by a certain scientist, Vyacheslav Danilenko. We were told at one point that this Ukrainian was a nuclear science expert, but we now discover that he was an expert in nanotechnology and had no real expertise in nuclear weapons. We were told also that there was a technique, supposedly being developed by the Iranians, involving a test explosion chamber, but we now know from the evidence of Robert Kelly, the chief of the IAEA for eight years in Iraq, that the chamber could never be used in a test.

Mr Binley: Will the hon. Gentleman give way?

John McDonnell: I would, but we are short of time, so if the hon. Gentleman does not mind, I will not. I am sure that he understands.

All that evidence led to the conclusion by Mr Mohamed el-Baradei, the former head of the IAEA, that he had "no confidence" in the allegations based upon it, but it has convinced the new head of the IAEA, Mr Yukiya Amano. WikiLeaks has, unfortunately, exposed comments from the US on Mr Amano, however, whom it describes as

"solidly in the US court"

and "ready for prime time".

So I begin to doubt the independence of his judgment on the matter.

It seems that we are being drawn into an atmosphere of war, and sanctions lead to war. Recent research by Professor Robert Pape of the university of Chicago demonstrates that 95.7% of cases of sanctions since world war one have led to military conflict, but who suffers? I agree with my hon. Friend the Member for Islington North that it is not the elite, but the poorest. The reaction is usually for the ruling elite to blame the ills of the country on foreign forces, and sometimes it even unites the country against a foreign foe, but the tragedy is that sanctions often motivate a regime to seek to protect itself by acquiring the very weapons that we seek to rid ourselves of.

There has been military action on the ground already. We have evidence of that from various reports—not just the drone, but intelligence assets on the ground relating to assassinations. The chair of our own parliamentary Intelligence and Security Committee could not rule out such assassinations having been undertaken by Israelis, and he confirmed that on occasions the US and Israeli Governments have given authority for assassinations.

I just want to get on the record my fear that we have trodden this path before, and that after sanctions come the bombs, then invasion, then loss of life, destabilisation and a growth in terrorism, then usually the installation of a puppet regime and the privatisation and exploitation by western countries of the mineral and oil resources. I hope against hope that we are not embarking on that tonight with this statutory instrument, but I have this dreadful fear of "Here we go again".

6.26 pm

Rory Stewart (Penrith and The Border) (Con): In the debate about Iran, we tend to be presented with two pictures of the country: either it represents an extreme existential threat to national security, in which case any response, however aggressive, is justified; or it is not a threat at all, and therefore we do not need to do anything.

The truth is of course more complicated and tragic. Iran poses a significant threat to the United Kingdom, Europe and the United States, but our options are limited. There is not time in a five-minute speech to talk about the issues that the hon. Member for Islington North (Jeremy Corbyn) raised, but it is true that Iran is a highly complex and fragmented society. There is an elite, particularly in Tehran, Isfahan and Shiraz, who are liberal, western-friendly and progressive, but there is also an extremely conservative and isolated rural population, who provide the support base for Ahmadinejad. There is no doubt at all, however, that Iran is a priority.

Many things in which the House has become involved have not been priorities. In recent debates, we have become involved in everything from Somalia to Mauritania, and we have exaggerated the importance of Afghanistan, but Iran clearly matters—in terms of its connection to terrorism, its nuclear bomb, rights and regional stability. There is no greater potential force for regional stability or instability than Iran, but we must face the fact that our current policy of sanctions, though rational and wise, is designed to delay the development of a bomb; and we must face the fact that there is a very high probability of Iran eventually developing a bomb. It may well develop a bomb even if an Islamist Government are not in place, because an atomic bomb has become a source of national pride for many people going well beyond the Islamist supporters.

What is our appropriate response to that threat? We should continue to do the things that we are doing at the moment. First, we should ensure that we have a clear, consistent policy towards Iran. That means that we do not wish to appease the Iranian Government, or to give any impression at all that our sympathies lie with that Government. We need to be robust in our defence of Iran's regional neighbours, because the primary threat that will be posed by an Iran in possession of a nuclear bomb, however erratic and eccentric its Government are, is unlikely to be the bomb's deployment; it is more likely to be a considerable increase in Iran's prestige and in its threat towards its neighbours through terrorism or border disputes.

We must also, however, do things that we are not doing enough at the moment. One is to recognise that because the problem is primarily political, the Foreign Office and our armed forces must invest more and more in area expertise and linguistic expertise in relation to Iran because that will become more and more important—either in deterring some of our allies from unwise precipitate action or in helping us support our regional neighbours.

Secondly, it would make enormous sense to diversify our energy supply. Some 30% of the oil on which western Europe and the United States depend comes through the strait of Hormuz. That is far too much. Iran has a stranglehold on us, but we can overcome it through the smart deployments of new routes of delivering oil and gas to Europe and the United Kingdom.

Finally—a new idea in the last 30 seconds—we need to change our relationship with Shi'a communities around the Arab region and in Pakistan. Too often, we have acted as though Shi'a communities are natural allies of Iran, but there is no reason for them to be so. There is no reason why Britain cannot use its history and knowledge to develop a more constructive and productive relationship with those communities. If we can get that right, continue to invest in the financial sanctions and measures that we are already taking and develop the three areas that I have identified, we can move away from a policy of lurching from extreme aggression to inaction and find a principled, moderate and passionate response.

6.31 pm

Andrew Percy (Brigg and Goole) (Con): I rise to support the motion and the words of the Minister. Some of the shadow Minister's comments about wanting to see an international extension were perfectly reasonable,

but I do not think that that alone should have prevented us from acting on our own, and acting with the United States and Canada was entirely correct.

A great deal has been said that I do not wish to repeat, although I endorse what my hon. Friend the Member for Harlow (Robert Halfon) said about comparisons between Israel's having nuclear weapons and the acquisition of those weapons by the despotic regime in Iran. We are talking about two completely different Governments and to try to mix them up is unhelpful, to be polite about it.

I do not think that anybody who has spoken today has in the slightest attempted to denigrate or insult the history of Iran or the Iranian people. The issue that we all have is with the Iranian regime; the debate has been consensual in that we have all expressed our outrage at what that does to its own people. I do not think that those who urge us to go further are in any way seeking to denigrate the Iranian people or their history.

Jeremy Corbyn: I appreciate that the hon. Gentleman is not trying to denigrate anybody, but unfortunately the history of interventions is that, however supportive people are or odious the regime is, we end up with an awful lot of wholly innocent civilians being killed, as happened in Afghanistan and Iraq. None of us wants to see that in Iran.

Andrew Percy: I do not think that anybody wants to see conflict in Iran; more importantly, none of us wants Iran to acquire a nuclear weapon at all. We are on the same page on that one.

Jeremy Corbyn: We have nuclear weapons here.

Andrew Percy: That is a different debate for a different day, but I would rather that nuclear weapons were in the hands of the United States or this country than in the Iranian regime's, as it is currently constituted.

The hon. Member for Hayes and Harlington (John McDonnell) commented on the International Atomic Energy Agency report—*[Interruption.]* I apologise for my croaky throat, Madam Deputy Speaker; it is difficult to get my words out. The hon. Gentleman's conclusions were slightly different from those drawn by others. I want to remind him of a couple of things in that report. Crucially, the report found evidence that Iran has procured

"nuclear related and dual use equipment and materials by military related individuals and entities";

has developed

"undeclared pathways for the production of nuclear material";

has acquired

"nuclear weapons development information and documentation from a clandestine nuclear supply network";

and has worked

"on the development of an indigenous design of a nuclear weapon including the testing of components".

Further evidence is provided by the reports that we have seen about the high explosive test sites, the neutron initiator and the uranium enrichment, which all prove that Iran is closer than ever to a nuclear weapons programme.

There has also been the non-co-operation with the IAEA, of course—we know that inspectors are consistently barred from entering Iran. In some cases they have been expelled; in 2007, 38 inspectors were expelled. We can read a great deal into the response of the Iranian regime to the IAEA findings; it simply dismisses them as having been written by people acting on behalf of the United States or its western allies.

I do not think that the report's conclusions were quite as the hon. Member for Hayes and Harlington suggested. We should be extremely concerned. It is absolutely right that we act as we have been acting and show leadership on the issue. Yes, we would like other European countries to come on board, but acting as we have, along with the United States and Canada, is right for this country and what we are all trying to achieve—Iran never getting hold of a nuclear weapon. I associate myself with many of the comments made in this debate and I endorse the position of the Government.

6.36 pm

Mr John Baron (Basildon and Billericay) (Con): I rise to suggest to the Minister not only that it is questionable whether sanctions are working but that they may be counter-productive. I also suggest that the west underestimates its ability to influence Iran. It is a complex society with multiple centres of authority and constant power struggles. I hope that our Government will recognise that better in our diplomatic efforts.

Iran is a very wealthy country when it comes to minerals; other major powers are queuing up to gain access to its oil. That lessens the impact of sanctions from the west. Anyway, if Iran has set herself on nuclear weapons, she will not be scared away; if she has not, sanctions will, in my view, serve only to encourage her to get them.

In our discussions on Iran, we tend to forget too easily that it is a complex society justifiably proud of its history. As we have heard, the Parliament has protected rights for minorities; Iran's 25,000 Jews are represented by a Jewish MP. We forget that there is no desecration of synagogues, which is more of a problem in Europe. We also forget that there is a well developed middle class in Iran that often disagrees with Ahmadinejad, as recent protests have illustrated.

My concern is that sanctions are counter-productive. Support for the current hardliners in Iran probably increases as a result of sanctions—Iranians responded to Bush's talk of an axis of evil in 2002 by removing the reformist President Khatami. I suggest that the only sensible course of action is calm yet vigorous diplomacy.

Robert Halfon: I am incredibly grateful for my hon. Friend's thoughtful remarks, although I come from a completely different perspective. He said that sanctions have made the regime more extreme, but some years ago there were no sanctions yet the regime became more and more extreme. Can he explain that?

Mr Baron: I am afraid that my hon. Friend was not listening. I did not say that sanctions made the regime more extreme, but that they reinforced the position of the hardliners within Iran, itself being a complex society. There is a difference. The only sensible option is calm yet vigorous diplomacy. We need to offer implicit recognition of Iran's status as a major power in the region—a status that we created ourselves by castrating Iraq. There is a precedent for recognising a new status. In the 1960s,

[Mr Baron]

when the US presence in Asia was waning and China was beginning to flex her muscles, Nixon did not respond by denying the reality of Chinese power.

As I said, the west underestimates the opportunity to influence Iran. She is a state in transition with multiple centres of authority and constant power struggles. The challenge for the west is to influence those struggles. Crude sanctions or appeals for regime change undermine local proponents of reform by making them look like imperialist lackeys. Offering Iran a new relationship with the west could strengthen the pragmatists at the expense of the hard-liners. We can, and should, go the extra mile for peace. Much greater emphasis needs to be placed on quiet diplomacy between Iran and the west.

Mr Binley: Does my hon. Friend recognise that we have approached the Iranians bearing gifts in that we proscribed the MEK as a way of mollifying them and encouraging them to be our friend? None of our overtures over the past 12 years has worked. Does my hon. Friend recognise that a consistent but strong voice is now the only way to proceed, and that the last thing we want is military intervention?

Mr Baron: I am afraid that the Iranians have a slightly longer memory than just 12 years. They remember our support for Saddam Hussein when he invaded Iran, and many other interventions in Iran by the west are still fresh in their memories.

We need to go the extra mile for peace. Much greater emphasis needs to be placed on quiet yet vigorous diplomacy between Iran and the west. The UK is well placed to help in this effort. Despite recent measures announced by the Foreign Secretary, of the three stated enemies of Iran—the UK, the US and Israel—only one still has diplomatic relations with Iran.

Mr Denis MacShane (Rotherham) (Lab): Will the hon. Gentleman give way?

Mr Baron: No, because we are very short of time—I apologise.

I suggest that we give diplomacy a greater chance for one final push before it is too late.

6.42 pm

Mr Hoban: This has been an interesting and wide-ranging debate. As anyone listening to it will have recognised, there is a range of views about Iran and how the UK should engage with it, but there is also the common strand that everyone expressed—our concern about the proliferation of nuclear weapons and how we seek to tackle that.

In response to my hon. Friend the Member for Basildon and Billericay (Mr Baron), I say that we all want to see a diplomatic solution, but we need a process whereby there is not only engagement but pressure on the Iranian Government. At the moment, unfortunately, there are no signs to suggest that the Iranians are interested in meaningful and serious negotiations on the key issue of their nuclear programme, and it does take two parties to engage. The E3 plus 3 has been trying to negotiate with Iran, and it is not that group's fault that the negotiations have not yet succeeded. It is Iran that needs to engage in serious negotiations.

Let me reflect on some of the comments that have been made. The right hon. Member for Blackburn (Mr Straw) and my hon. Friend the Member for Wyre and Preston North (Mr Wallace), who are co-chairmen of the all-party group on Iran and are currently at one of its meetings, asked about support for the action that the Government have taken and why we did not act in concert with EU member states. It is worth highlighting two points in that regard. We have undertaken a significant programme of lobbying internationally and continue to do so. As I said earlier, the US and Canada acted alongside us in imposing the sanctions on 21 November. However, there is a balance to be struck. Clearly, we want to encourage as many people as possible to join with us to impose these sanctions, yet at the same time there is a real sense of urgency on this issue. The risk of Iran acquiring a nuclear weapon becomes more serious as time passes, as was highlighted in stark terms by the IAEA report. We consider it imperative to act now and to encourage others to follow.

Mr Baron: Will my hon. Friend give way?

Mr Hoban: I want to make progress and conclude fairly promptly because there is a time limit on this debate.

We will engage with our European counterparts at the Council meeting next month. As I said, President Sarkozy wrote to us supporting moves for financial sanctions but also suggesting broadening them to the import of oil.

Let me turn to the points raised by the hon. Member for Nottingham East (Chris Leslie). I have dealt with his first point about putting pressure on other countries to act. His second point was about whether the UK will use significant fines to promote enforcement. As I said earlier, the civil and criminal penalties for breaching these restrictions enable the authorities to levy unrestricted fines. In the context of the civil sanction, for example, the fine should be proportionate, effective and dissuasive. I believe that the authorities take this matter seriously and will act proportionately to that.

The hon. Gentleman asked about exemptions, which relate to the licensing process that we have talked about in other situations. Some general licences are in place to deal with transactions that are already in progress. People can also apply for specific licences. Fifteen specific licences have been applied for; one has been granted and 14 are in the process of being considered. This is an ongoing process. I hope that that also addresses the point raised by my hon. Friend the Member for Wyre and Preston North.

We are committed to reporting regularly to Parliament. The Counter-Terrorism Act 2008 says that we should report as soon as possible after the calendar year in which the actions have been taken. We will endeavour to do so, and we will keep the House informed about the progress that is made.

Everyone across the House recognises the dangers that attach to nuclear proliferation. This is a process of negotiation and diplomatic engagement. We need the other party to engage in that diplomacy, too, but we

should not be afraid of applying pressure to the Iranian regime where we think that that is appropriate and proportionate and will help to further our objective of keeping the world a safer place. I commend the motion to the House.

Question put and agreed to.

Resolved,

That the Financial Restrictions (Iran) Order 2011 (S.I., 2011, No. 2775), dated 21 November 2011, a copy of which was laid before this House on 21 November, be approved.

Opposition Day

[Un-allotted Half Day]

European Union

6.48 pm

Mr Nigel Dodds (Belfast North) (DUP): I beg to move,

That this House commends the Prime Minister on his refusal at the European Council to sign up to a Treaty without safeguards for the UK; regards the use of the veto in appropriate circumstances to be a vital means of defending the national interests of the UK; and recognises the desire of the British people for a rebalancing of the relationship with our European neighbours based on co-operation and mutually beneficial economic arrangements.

Yesterday in the House the Prime Minister referred to a period of great change in Europe. There is a sense arising out of the European Council at the weekend that something very significant has happened in the United Kingdom's relationship with the European Union. A taboo has been broken. For the first time in living memory, a Prime Minister of the United Kingdom went to an EU summit not only prepared to say no but, in the event, actually used the veto when it became necessary in our national interest. I commend the Prime Minister for sticking to his word and wielding the veto in the circumstances that he outlined in this House last week. I have to say with regret that that is not something that we have come to expect from British Governments. We have been more used to Ministers going to crucial EU meetings in recent years and coming back having to explain why the latest EU regulation or measure is being implemented despite the implications for our national interests.

It is clear that what the Prime Minister has done has gained support from people from right across the political spectrum. That may not be reflected in some of the speeches, interventions and posturing in the House, of course, but it is clear that a large number of people from all backgrounds, whether they are Tory, Labour, Liberal Democrat or support parties in Northern Ireland, agree with what the Prime Minister has done.

Andrew Percy (Brigg and Goole) (Con): May I provide my right hon. Friend with an example of that? Two of my constituents living on the Isle of Axholme wrote to me last night by e-mail to inform me that they had voted Liberal Democrat in the general election but would now vote Conservative because of our Prime Minister's actions.

Mr Dodds: I am sure there will be many such messages flooding in to right hon. and hon. Members over the coming days. There is no doubt that, not for the first time, many Members are out of step with what the people think.

Mr Denis MacShane (Rotherham) (Lab): Very simply, what action did the Prime Minister veto? A veto is imposed to prevent something from happening.

Mr Dodds: I will come on to that in detail, but he prevented a treaty from coming into place that did not have sufficient safeguards for the United Kingdom. It is

[Mr Dodds]

a pity that when the Labour party was in government, it did not take such action to prevent some of the things that happened to this country.

Mr John Redwood (Wokingham) (Con): Of course, the Prime Minister stopped a treaty for the 27. Did the right hon. Gentleman see that the statement that was issued was made only by the 17 euroland Heads of Government? The other nine have not signed up to it. That is very clear in the statement, so it is misleading to say that Britain is isolated when the other nine think it is a lousy treaty as well.

Mr Dodds: The right hon. Gentleman is absolutely right, and I will come to that. Even today, we are hearing of issues in Denmark and that Sweden is unlikely to sign up. In Poland, it has been pointed out that two thirds of each House will have to support what has been agreed if the country is to sign up, and it is unlikely to get that. We are hearing similar things in Finland, the Czech Republic and other countries, never mind what is going on in Germany and even France. This is potentially a watershed moment in British politics.

Mr William Cash (Stone) (Con): This is a good moment to place on record the fact that the Democratic Unionist party has played a stalwart role in this whole business from the beginning. That needs to be put on the record, as part of the historic tribute that needs to be paid to that party in this matter.

Mr Dodds: I am very grateful to the hon. Gentleman for his kind remarks. Given that he was commended even by the leader of the Labour party in the House yesterday, those words are very welcome coming from someone with such vast experience in fighting these battles over the years.

What happened at the weekend is important not so much for the substance of the matter in itself but for the rebalancing of our relationship with the European Union that it might herald. I refer to that in our motion.

Many people say that because of the action that the Prime Minister has taken, we are now marginalised and isolated. Many of those who say that are, of course, the very same people who at one time not so long ago were urging us to join the euro. They were the people who castigated the euro-realists who dared to point out the in-built defects of the euro project. They made the same dire, doom-laden predictions then. They were wrong then, and they are wrong now.

Being outside arrangements that exist for most of the other EU members is, in any case, nothing new. For instance, the UK is not in the Schengen agreement. We were told by some that that was contrary to the spirit of being good Europeans as part of the EU, but it is absolutely right in the interests of the UK and the protection of our borders.

We heard much yesterday and over the weekend about the damage that the latest developments might do to our country's standing in the world. For instance, we heard about how the Americans might view us. However, yesterday Hillary Clinton made very clear what she thought, saying that

"our concern has not been over the position that the UK has taken, it's whether the decisions made by other members of the eurozone countries within the EU will work."

With respect, that is the nub of the matter. What matters is what will happen to the eurozone.

We have talked about the role of other countries. The right hon. Member for Wokingham (Mr Redwood) referred to other countries that have not signed up, and I mentioned Sweden. It will also be interesting to see what the position is in the Irish Republic when the matter has been considered in detail. It is not so much the text of the proposal as its substance that matters in the decision whether the agreement must go to a referendum. It will be interesting to see the reaction there. It is clear, is it not, that the French Government and others have a clear policy when it comes to corporation tax? Over the years, the Irish Republic has prided itself on attracting foreign direct investment through low rates of corporation tax, and it has built its economic policy around that to a large degree. It will be watching the matter very carefully.

Mrs Anne Main (St Albans) (Con): Does the right hon. Gentleman share my concern about the fact that a French MEP is suggesting this evening that Britain ought to be punished for taking a view that supports the best interests of Britain? Should countries be punished for not behaving themselves?

Mr Dodds: The hon. Lady is right to point to some of the vindictive language that is coming out of Europe. Indeed, President Sarkozy was talking today about consequences for the United Kingdom because of the actions that we have taken. We have to recognise that there are dangers—I think the Prime Minister talked about "risks"—in the intergovernmental approach, and I will deal shortly with what that might mean. It is one reason why we cannot let matters sit where they are. We are in an unsatisfactory position, and we need to decide how we will deal with the situation.

In France, the Opposition Socialist contender in the presidential election, François Hollande, has made it clear that if he were elected, he would seek to renegotiate any agreement that was reached, because he opposes the loss of French budgetary sovereignty. The concerns felt in the House are not some isolated, strange, esoteric or unusual position, but are shared across large parts of Europe by many parties, many of which would not be described as naturally Eurosceptic, right wing or anything of the sort. Members would do well to bear that in mind when they talk about the Government being in thrall to a small minority of MPs and others. They should recognise the reality. The idea that there is a united Europe of 26 against the UK is not correct.

Of course, many countries have to put the new euro-plus arrangements to parliamentary approval, at least, if not to a referendum. We will see what happens when they actually consider the implications of having their national budgets supervised by the European Commission, and the fact that strict rules will be imposed on their national Governments' ability to borrow, with all the implications for sovereignty that that entails.

For all the adverse reaction from some on the Opposition and Liberal Democrat Benches yesterday, the fact is that the Prime Minister's stance has the overwhelming backing of the people of the United Kingdom.

Mr John Baron (Basildon and Billericay) (Con): The right hon. Gentleman's points are absolutely right. May I suggest to him that many Conservative Members

believe that the veto should be the start of a process to reset our relationship with the EU, based on free trade, growth and prosperity? We want to move away from political union and dead-weight regulation. That is not some utopian dream—such a relationship already exists. I ask him to reflect on the fact that countries such as Switzerland already enjoy such a relationship with Europe, so there is no reason why we should not.

Mr Dodds: The hon. Gentleman is absolutely right, and I will come shortly to how we should rebalance our relationship with Europe. He is right to point to the type of relationship that we should have—one based on free trade and co-operation with our European friends and neighbours, but on a sovereign nation to sovereign nation basis.

There are those who tell us that the Prime Minister has gone against the whole thrust and approach of UK foreign policy for the past 40 to 50 years. I have no doubt that there is much wailing and gnashing of teeth in the bowels of the Foreign Office and elsewhere among the professional mandarins who have seen the EU as almost a sacred cause, to be advanced whatever the wishes of the British people or the views of the temporary occupants—as they would see it—of political office. For the mandarins, the people and those who occupy political office are to be managed and dealt with—although I am sure that that does not apply to the occupants of office in this Government.

Martin Horwood (Cheltenham) (LD): The gnashing of teeth is not just among mandarins, is it? Has the right hon. Gentleman heard from the business analysts at IHS Global Insight? They said that

"the European council statement made clear that a new 'fiscal stability union' would seek to deepen the internal market, creating stronger fiscal and economic rules.

'Outside this union the UK is likely to become increasingly irrelevant and marginalised'".

Does not such concern on the part of business worry the right hon. Gentleman?

Mr Dodds: I have heard all that before. We heard it at the time of the UK's withdrawal from the exchange rate mechanism and when Britain decided not to join the euro. We have heard time and again the dire warnings of doom and gloom. However, if we reach the position that the hon. Member for Basildon and Billericay (Mr Baron) outlined, of a relationship based on free trade and co-operation, it will free our economy from much of the regulation, red tape, bureaucracy and dead-weight of EU laws that currently hold us back from the true competitiveness and real growth that we need.

We have not just heard from the hon. Member for Cheltenham (Martin Horwood); we have also heard the hysterical reactions of blasts from the past such as Paddy Ashdown, Michael Heseltine and the other usual suspects. It is time the House realised that focusing our foreign policy on the narrow ground of greater Europeanism and ever closer political union in Europe is contrary to the UK's vital interests.

We make it clear that we must and should work with our European neighbours and friends on a host of economic, political and policy issues. However, let us also recognise the enormous opportunities on the wider scene: our unique position in terms of the Commonwealth, our special relationship with the United States, and our standing in the United Nations. For too long our vision as a country has been dominated by the little Europeanists, who want to take us in only one direction. It is high time that blinkered approach was discarded.

There are those who say that what the Prime Minister did was wrong because we must do all we can to save the euro. However, as was said earlier, in considering the events of last weekend, it has been overlooked that, for all the talk about arrangements to prevent future crises, not a lot was done to instil confidence that the immediate crisis will end any time soon.

Mr Redwood: The right hon. Gentleman is making a good point. Did he see that if, for example, Ireland or the United Kingdom joined the so-called stability pact, they would have to make massive cuts in public spending and massive increases in taxes? It is a sort of mutually assured austerity pact.

Mr Dodds: Yes. For precisely that reason, I believe that when the peoples of each country—and even some of the politicians, who are currently going around saying that the UK has done a terrible thing—begin to study the detail and realise the restrictions that will now be imposed on their freedom to set their budgets and taxes, to borrow and so on, they will seriously reconsider the proposal. Having caused the greatest economic catastrophe for many decades, by creating the euro and the one-size-fits-all approach, EU leaders have come up with a bizarre answer: no comprehensive solution to deal with the immediate and pressing crisis, and no overarching deal that will properly address the problems that Greece, Italy and Spain face, but a plan to deepen and extend European integration—a plan for more treaty change and more institutional tinkering.

After all the arguments about the Lisbon treaty, we were told that Europe had learnt its lesson and that there would no more institutional debates and treaty changes. Instead, Europe was to get on with the business of trying to create jobs, growth and economic prosperity, yet here they are, at it again. There is a one-track mind among many European federalists about deepening European integration, and political and fiscal union.

Bob Stewart (Beckenham) (Con): When the euro was set up, were there not strict rules on compliance for those joining, which even some of the biggest countries largely ignored? Now there is again talk about strict rules on compliance. Perhaps the boy is crying wolf; I do not believe that those rules can be enforced on countries that have shown in the past that they will not comply. They will not comply in future, either.

Mr Dodds: The hon. Gentleman makes a good point. He is right: in the rush to set up the euro, which was a political project from the beginning—it was believed that it would ultimately lead to political and fiscal union—those behind it permitted countries that they knew were not capable of meeting the requirements to join. What they are trying to do now will not succeed in patching the whole thing together.

Dr Julian Lewis (New Forest East) (Con): The right hon. Gentleman is being extraordinarily generous in giving way. To support what he has just said, does he

[Dr Julian Lewis]

remember Romano Prodi, then President of the European Commission, on that fateful new year's eve when the euro was brought into effect, being asked, "This is a political project, isn't it?" and his replying, "It is an entirely political project"? Is that not why those people are so desperate to continue with it, even though it is leading to economic disaster?

Mr Dodds: Absolutely. The hon. Gentleman is right to remind the House of Prodi's words at that time, of the fact that the nature of the project is explicit, and of what lies behind it.

Some people say that the Prime Minister acted to protect the City and the big banks. If it was all about that, I would not be standing here supporting the motion. We need more regulation of the banks and of those who contributed greatly to the mess in which we find ourselves. One of the questions that arises from the Vickers report is how to regulate banks more strictly, and we need to be able to go further, unfettered by the EU. I also believe in the so-called Robin Hood tax—provided that it is applied universally and not targeted mainly at London and the UK to prop up the failing euro, of which we are not part.

David Morris (Morecambe and Lunesdale) (Con): On the Tobin tax, £40 billion would have been taken out of the City. Does the right hon. Gentleman agree that that would equate to £642 in taxation for every man, woman and child in this country?

Mr Dodds: The hon. Gentleman is right to point to the effects if the EU had targeted the financial services sector, unfairly penalising the UK. The tax revenues of which he speaks are enormous and the contribution to employment—not just directly—is significant for the UK. There are arguments for measures such as the Tobin tax, but they have to be applied universally. The UK alone should not be picked out.

Some say that the Prime Minister's action will cost jobs and damage British business, but the EU's share of world trade is decreasing. Who believes that the EU would want to stop exporting to a market of some 60 million people, or inhibit trade that would cost the jobs of millions of people in the EU? That simply will not happen. All the scaremongering about that, as in the past, is not based on economic reality.

We must guard against the inevitable pressure that will come—and is already coming—behind the scenes from diplomats, mandarins and others who will try to drag the Prime Minister away from his current stance and use the back door to achieve the UK's acquiescence. The Prime Minister has already hinted at some sort of compromise on the desire of the euro-plus countries to use the EU institutions. He needs to be careful about that. If they want to do that, we need to ask what they are prepared to do for the UK in return. I hope the Prime Minister will not accede to the pressure being exerted to allow that to happen by the back door.

Of course, it is important to recognise the limits of what has happened. As a result of what happened at the Council, 26 countries—or however many it will be in the end—cannot themselves implement agreements on financial services or other things that have an impact on the single market. That must be done through the single market Council. However, therein lies a problem. Yesterday in his statement the Prime Minister alluded a couple of times to the risks involved in the intergovernmental arrangement. As I said in my contribution yesterday, the very real risk is that other EU member states will gang up on the United Kingdom and outvote us through qualified majority voting.

Mike Gapes (Ilford South) (Lab/Co-op): Is not the reality that nothing has changed with regard to financial services? Twenty-six cannot impose qualified majority voting; nor can 27. At the end of the day, therefore, the so-called veto was not a real veto, because 26 have gone ahead. The reality is that we still have the right to block changes in that respect under the Single European Act.

Mr Dodds: I do not agree with the hon. Gentleman. The Prime Minister is right to say that it would have been entirely wrong, without sufficient protections, to have a treaty that, as he put it, would have hard-wired the situation into the European Union treaties. The hon. Member for Ilford South (Mike Gapes) alluded to protections, but QMV does not provide the UK with much of a protection. As has been said already in the debate, given some of the vindictive language being used in European capitals at the moment, we must be very careful indeed. It is clear, in my view, that the status quo cannot stand in the medium to long term.

Mr Cash: Does the right hon. Gentleman accept that what he is saying is incredibly important in terms of the future path, because the real problems are contained in the existing treaties themselves, which need to be fundamentally changed, along with our relationship with the European Union? That is the real problem. We should not just nibble at the edges.

Mr Dodds: The hon. Gentleman is right in that regard. We cannot have a bloc of eurozone countries acting collectively by using its voting power at EU level to force through measures to the detriment of the UK's national interest.

Even the Deputy Prime Minister has warned against the dangers of a club within a club. The new club will have a common interest and act collectively. The Secretary of State for Northern Ireland pointed that out in a recent article in *The Spectator*. He said:

"a fiscally united eurozone will spend as a bloc, tax as a bloc...and...vote as a bloc",

and he is absolutely right.

For that reason and a host of others it is clear, as the hon. Member for Stone (Mr Cash) said, that a fundamental reassessment of our relationship with the EU is required. The Prime Minister's use of the veto is very welcome. Saying no to Europe has been and remains almost unthinkable for some in the political elite, no matter what the cost in terms of our national interests, but the question now is: where do we go from here?

As things stand we are left with all the old familiar problems with the EU that we had before the European Council. We are left with the huge issues of loss of sovereignty and EU control of vast swathes of UK laws and policies. We are still committed as a country, because of the EU treaties, to "ever closer political union". We remain subject, for instance, to the common fisheries

policy, to the plethora of regulations and directives that stifle competitiveness and growth, and to interference in criminal justice and home affairs. Not least, we are still required to contribute almost £10 billion per year net to the EU at a time when domestic budgets are being slashed, and QMV provisions under the Lisbon treaty have reduced the areas where we can say no to EU intrusion.

Ian Paisley (North Antrim) (DUP): On that £10 billion net that we contribute each year to the European Community, does my right hon. Friend agree that we would be far better exercised in determining how those resources are spent on our own fishermen, our own farmers, our own industrialists and our own banks, rather than letting bureaucrats and eurocrats determine how it is spent?

Mr Dodds: My hon. Friend is absolutely right.

I sometimes hear others, particularly elements of the media, and particularly the BBC—this will not be first time that hon. Members have referred to the BBC in that regard—argue the case for Europe by saying, "But look at the vast amounts of money we get." That has sometimes been stated about Northern Ireland; my hon. Friends will deal more particularly with the situation there later. We are told, "But you've benefited from all these initiatives," and so on and so forth, but the money involved is a small percentage of what we pay into Europe in the first place. In many cases it comes with so many strings and conditions attached that it would be far better if it were disbursed by our own Government or at a regional level.

The Prime Minister said yesterday in the House that

"the balance of powers between Britain and Europe is not right"—[*Official Report*, 12 December 2011; Vol. 537, c. 530.]

I prefer the use of the term "United Kingdom", because Northern Ireland is an important part of this, but the Prime Minister is absolutely right. We must therefore build on what has happened.

Many talk about the need to have powers repatriated. I sympathise with their aims and objectives, but repatriation can be limited. We may gain here, but we will lose there. I think we need a more fundamental and simpler approach. We know what the British people want, we know what makes sense for the UK in the long run, and, as we say in our motion before the House, we must rebalance our relationship with our European neighbours.

The relationship must be based on free and mutually beneficial co-operation. It must be about free trade and commerce, to the mutual benefit of businesses and consumers throughout Europe—that is the best way to create growth and prosperity—and it must be about laws being made in this country by democratically elected and accountable representatives of the British people. That is the sort of relationship that people in this country want with Europe. I believe that for too long there has been a determination on the part of the political and diplomatic elites in this country to deny the people of this country any say on Europe. Ultimately, people must be given the opportunity—finally—to have their say through a referendum. I believe that the events of the weekend have brought that day closer, and I commend the motion to the House.

Several hon. Members *rose*—

Madam Deputy Speaker (Dawn Primarolo): Order. Before I call the Minister, I inform the House that the amendment in the name of the Leader of the official Opposition has not been selected, and that after the Front-Bench opening speeches there will be an eight-minute time limit on Back-Bench speakers. That might need to be reviewed.

7.18 pm

The Minister for Europe (Mr David Lidington): I congratulate the right hon. Member for Belfast North (Mr Dodds) both on his choice of subject for today's debate and on how he presented his case to the House. I should say that I was intending in any case—given the number of Democratic Unionist Members whom I am sure wish to participate—to keep my remarks briefer than normal and to give way less frequently than I normally try to do in debates on European policy. Your warning, Madam Deputy Speaker, on time limits reinforces the need for me to behave in that fashion.

I thank the right hon. Gentleman for his robust support for the decision that our Prime Minister took at the summit meeting last week and agree with him that the priority for the EU ought to be—for the eurozone countries in particular—fixing the immediate and urgent crisis in the eurozone, which is having a chilling effect not only on the UK economy, but on prospects for growth and job creation more generally in the global economy, and particularly the western economy. I also agree with the emphasis that he placed on the need for the EU to focus on growth, jobs and competitiveness in framing its priorities for the future.

Mr Redwood: Will the Minister assure me that the Government have no intention of agreeing to this fiscal pact or of letting EU institutions be used to enforce it?

Mr Lidington: The position on the use of the institutions was set out in some detail by my right hon. Friend the Prime Minister yesterday. The truthful response to my right hon. Friend the Member for Wokingham (Mr Redwood) is that we are at an early stage. The 26 countries agreed to a pact, but not to a legal instrument, and we do not yet know what action they plan to take. We want the new treaty—if it turns out to be a treaty—to work in stabilising the euro and putting it on a firm foundation, and we understand why those countries want to use the institutions, but it is new territory and raises important issues that we will need to explore with our colleagues in those other European countries.

In the months to come, our intention is to be engaged in the debate about how institutions that have been created and built to serve the interests of all 27 member states and not some subset should continue to operate fairly for all member states and, in particular, for the United Kingdom. We have been very supportive of the role that the institutions—in particular, the Commission—have played in safeguarding the single market, and we will look constructively at any proposals with an open mind, but we need to be clear that if this country had agreed treaty change without safeguards, there would be no discussions going on at all and no protection for important United Kingdom interests.

It is not the case that there was something extraordinary or wrong about the Prime Minister's decision to veto agreement to a treaty at the level of 27 member states

[Mr Lidington]

last weekend. The safeguards that he was seeking were safeguards not just for the United Kingdom, but for the whole of the European Union. They were modest, reasonable and relevant and, when they were not forthcoming, the Prime Minister made the right decision, which was to use our veto to protect our national interest.

As the right hon. Member for Belfast North said, we have heard before many of the dire warnings about isolation and retaliatory measures. We heard them when the euro was first created, and it turned out that far from joining the euro being a great opportunity for the UK and for UK business, we were well served by the decision to stay out of the single currency, and I have seen little evidence in the last couple of years to persuade me that—

Several hon. Members *rose*—

Madam Deputy Speaker (Dawn Primarolo): Order. I am sorry to interrupt the Minister. He has indicated several times that he is not prepared to give way at this point. I hope that we can hear what he has to say now, and he may feel like giving way a little later.

Mr Lidington: I have already explained why I do not intend to give way as frequently as I usually do in these debates. Several of my hon. Friends have had, and will continue to have, many opportunities to put their arguments to me. I am sure that they will seize those opportunities, but tonight I am conscious that this is one of the rare occasions on which the debate belongs to the Democratic Unionist party, and I do not want their members to be crowded out because Front Benchers go on too long.

The truth is that we have always had a Europe in which there have been multiple forms of co-operation. We are not in the euro and nor do we plan to be. It is good that we have our own economic policy, interest rates and ability to deal ourselves with the problems we face in our economy. The United Kingdom remains a key—indeed, a central—member of all initiatives on European foreign and defence policy co-operation, but we are not in the Schengen borders organisation. We are a key member of the single market, and in fact it is the UK that often drives change and improvement in the single market.

On the other side of the equation, at the same time as the European Council was in progress, the British Government were working closely with EU partners to shape a successful negotiation on climate change this weekend in Durban. Our intention is to continue to work hard with our many allies in Europe to advance our interests. That is not isolation: it is defending Britain's national interest, and that is what the Government are going to continue to do. That does not mean, as some have said, pulling back from our relationship with the European Union. We remain a full member of the European Union, and that membership is vital to our national interest. Our national interest and the EU interest are not mutually exclusive; we have genuine common interests.

Mr Cash: I am profoundly and deeply grateful to my right hon. Friend for giving way at last. Would he care to comment on the report in the newspapers today that the Government have already received legal advice that they can use the institutions in relation to the agreement of the 26? The European Scrutiny Committee will be looking into this matter extremely carefully and will no doubt ask him to come to give advice on that matter.

Mr Lidington: I look forward with my usual sense of delight to the opportunity to give evidence to my hon. Friend's Committee. Seriously, I would be happy, as would my officials and those from other Departments, to give evidence to his Committee, but my hon. Friend has been in the House long enough to know that no Minister of any Government comments on legal advice that Ministers may or may not have received.

Tristram Hunt (Stoke-on-Trent Central) (Lab): Can the Minister give us some sense of how much British taxpayers' money has been wasted by the allocation of Foreign Office officials to talk with members of his party—the group of 81 Conservative MPs who voted for a referendum—about the repatriation of powers? Is that a good use of taxpayers' money?

Mr Lidington: I actually think that it is a very good idea for officials, not only from the Foreign Office but from other Departments, to hear creative and constructive ideas, especially from Members of Parliament of all parties—and the all-party group on European reform includes members of the hon. Gentleman's party, as well as members of mine—and from people outside Whitehall and government. The Foreign Office has a range of contacts with think-tanks and academics as well as with Members of Parliament, so that our policy making can be informed by creative ideas from outside. That seems to be a very sensible way of governing, and I am slightly shocked that the hon. Gentleman should appear to think that a closed cadre in Whitehall, insulated from of outside advice and influence, is the best way to proceed. If that is the thinking of the Labour party, it might explain the disastrous legacy that he and his colleagues bequeathed to this Government.

The German Chancellor's spokesman said yesterday that Britain is one of Germany's closest partners and one of her most important allies and friends; that we work very closely together on a number of different policy challenges, including within the context of the European Union; that what Britain and Germany share are key convictions on competitiveness and on what creates jobs, innovation and creativity in the economy; and that we will both continue to work to make the single market a joint success. President Sarkozy, with whom we have had one or two disagreements, said in an interview with *Le Monde* yesterday that he recalled our partnership in defence co-operation signed in November 2010 and our joint intervention in Libya, as well as our shared commitment to nuclear energy as part of a balanced overall energy policy. Our partnerships with France, Germany and all our European allies remain strong and dynamic.

We need not listen only to European leaders. The US Secretary of State was asked the other day whether the position that the Prime Minister took at the summit

had caused her concern, given what the questioner termed "the historic bridge" that Britain had offered between Europe and the United States. Secretary Clinton replied in very clear terms:

"I have to say it does not. I think that the role that the UK has played in Europe will continue."

I do not think that these fears of isolation, which for obvious reasons of vested interest the Opposition want to whip up, will turn out to have substance.

If the Opposition want a little more reassurance from someone whom they might trust a bit more than the German Chancellor's official spokesman or the United States Secretary of State, I refer them to the comments of Lord Digby Jones. It is no good the shadow Foreign Secretary shaking his head. He was happy to serve in government alongside Lord Jones. In fact, the Labour members of that Government were happy to hail his recruitment as evidence that they were attracting a Government of all the talents and bringing in people from British business to strengthen their ranks—they certainly needed strengthening. Anyway, when asked whether Britain's business interests would survive and flourish, Lord Jones said, "Definitely." There is a clear view that our partnerships in Europe will continue and that the opportunities available for British business in Europe will continue to thrive.

Andrew Percy: Should we not try to regain ownership of this word "isolation"? Surely, it is not a bad thing to be isolated from something that is not in the country's interest, that is bad for the United Kingdom and that the British public do not want to be a part of.

Mr Lidington: There was a time when Labour leaders were prepared to accept that sometimes there was a need to stand out on their own in defence of British interests. Tony Blair said, when he opposed the introduction of an EU-wide tax on savings, that if we are isolated and we are right, that is the correct position to be in, but as we know, the Leader of the Opposition told his party conference:

"I am not Tony Blair".

We have yet another example of that inheritance now being disavowed by those who were happy to serve when the opportunity arose.

Mrs Main: Will the Minister provide a little more clarity on one point? I believe that the British public do not expect the EU institutions to be used to deliver what they could not deliver under a treaty. Will he give his view on that? If the institutions can be so used, we have been sold a pup—we will have refused something only to be given it in a different manner and in a way that we have to accept.

Mr Lidington: I replied to that point at some length in response to my right hon. Friend the Member for Wokingham, and I have nothing to add to those comments.

Dr Andrew Murrison (South West Wiltshire) (Con): I thank my right hon. Friend for giving way; he is being very generous. The Labour party talks about isolation and influence, but does he recall the influence exercised by the right hon. Member for Paisley and Renfrewshire South (Mr Alexander) when he surrendered the 1984 £7 billion rebate in return for a whole load of waffle about the common agricultural policy that, of course, has resulted in precisely no action whatsoever?

Mr Lidington: My hon. Friend is spot on. The right hon. Gentleman was the Europe Minister when the deal was made, and it cost this country a great deal of money for no gain or reform of the CAP, despite the pledges that we were given at the time.

I want to emphasise that despite the major disagreement at last week's summit meeting over the proposed new treaty amendment, all 27 Heads of State and Government agreed on further measures to strengthen the single market and to cut the cost of European regulation and red tape on businesses throughout the EU. As part of a long-term campaign to cut unnecessary regulation, the Prime Minister secured agreement from the European Council to endorse actions proposed in the Commission's report on minimising the regulatory burden for small and medium-sized enterprises. Consequently, from 2012 micro-businesses employing fewer than 10 people will not be subject to European regulation, which stands to benefit 4.3 million businesses in the United Kingdom, including, I understand, about 95% of enterprises in Northern Ireland.

The European Council's conclusions also emphasised the need to prioritise growth and the single market, and the Commission's annual growth survey, published just ahead of the Council meeting, reflected this country's calls for faster action to be taken to promote growth, including through the creation of a single market in the digital economy and energy.

Ian Paisley: I appreciate the Minister giving way on this point about business. On the pressures that the Republic of Ireland now faces, it looks like it will be forced to remove its beneficial low corporation tax as a result of this new arrangement. At the same time, however, this nation can extend to our part of the United Kingdom the right to reduce our corporation tax. I know what side of the line I would rather be on.

Mr Lidington: The hon. Gentleman is right to point to the risks to any country of giving up control of its tax rates to some supranational body that cannot be guaranteed always to act in the interests of any one of the nations party to the decision. It was no secret at the time of the Irish bail-out last year that the Irish Government came under enormous pressure from other EU member states to raise their corporation tax rates. As he will know, the UK Government were steadfast in supporting the Taoiseach's resistance to that move.

I recognise what the right hon. Member for Belfast North and the hon. Member for North Antrim (Ian Paisley) said about it not always being easy to be in the EU. There are plenty of frustrations and occasions when we can see so clearly what is wrong. Any Minister from any party who has sat in European Council meetings will be able to recall times when they wanted to scream with frustration at a piece of what seemed to be unnecessary bureaucracy or expense, or at the complexity and time taken to secure reforms when agreement was needed among a collection of different Governments.

There are many areas where we would like change, but I want to make it clear that the Government's judgment is that membership of the EU remains very much in the UK national interest. I shall briefly sketch three key areas where we believe that the benefits of our membership far outweigh the difficulties: the single market, the single voice in international trade and diplomatic leverage in foreign policy. There is little doubt that our

[Mr Lidington]

membership of the single market has allowed us to reap the economic benefits, because the EU comprises the largest single market and most important trading zone in the world. It is bigger than the whole of the United States and Japan combined and gives British business access to 500 million consumers without customs or trade barriers.

In Northern Ireland, EU countries remain key trading partners. Export sales to Europe from Northern Ireland alone amounted to £600 million in 2010, and many Northern Ireland companies have been doing significant business in the EU for many years. The success stories include a broad range of Northern Ireland industries, from engineering to information technology, synthetic fibres, pharmaceuticals, and food and drink. Recognising where additional growth could be achieved by targeting opportunities in EU export markets is one of the keys to improving economic growth prospects for Northern Ireland. That is why for Northern Ireland, as for the whole of the UK, a resumption of growth within the EU would be of immense benefit to our own interests.

David Simpson (Upper Bann) (DUP): The Minister will know that the agri-food sector is one of the biggest industries in Northern Ireland, and it could grow even more if we had a level playing field with Europe.

Mr Lidington: I am aware of the concerns in Northern Ireland about the operation of the common agricultural policy. As the hon. Gentleman knows much better than I do, the CAP is implemented in a way in Northern Ireland that is different from the rest of the UK. When I was in Belfast recently, the First Minister made strong representations to me about that. I ensured that they were passed on to my right hon. Friends the Chancellor and the Secretary of State for Environment, Food and Rural Affairs. The concerns of Northern Ireland are very much in the minds of British Ministers who will be negotiating these matters.

There is well documented evidence that trade integration brings wider benefits in areas such as investment and innovation. EU member states comprise seven of the United Kingdom's top 10 trading partners and account for roughly half our overall exports of goods and services. However, the benefits go beyond exports. EU member states are the main source of foreign direct investment into the UK, with roughly half our total FDI coming from those countries.

Tristram Hunt: Will the Minister give way?

Mr Lidington: The hon. Gentleman has had a chance, and I want to make some progress.

The stock of inward foreign direct investment in the UK from the EU has risen by 800% in less than 10 years, and our membership of the EU single market helps to attract the other half of our FDI, from non-EU investors, who see the UK as a platform from which to break into European trade and access the wider single market.

Mr Robert Walter (North Dorset) (Con): Will the Minister confirm to the House that Norway also has access to the single market, as a member of the European economic area, and in return has a better record in implementing EU directives, in which it has no say, than we do?

Mr Lidington: My hon. Friend makes the point well. Countries in the European economic area have to comply with EU regulations and implement them fully if they are to have the single market access that we enjoy by virtue of our membership. If we were in a comparable position, British business would have to meet the costs of compliance with whatever regulatory standards the UK decided to impose, in addition to the costs of meeting the differing standards of the remaining EU bloc or any of the other European countries with which they wished to trade.

Jim Shannon (Strangford) (DUP): The right hon. Gentleman mentioned all the sectors that are trying to break into Europe, but there is one that cannot break in, and that is the fishing sector. Does he feel that, because of the quotas, the restrictions on days at sea and net sizes, and all the bureaucracy, the fishing industry can never really break through with Europe as it is now?

Mr Lidington: There is no doubt that the common fisheries policy has failed both the cause of conserving fish stocks and the cause of sustaining the livelihoods of fishing communities. It is several years ago now, but I can remember going to Portavogie, Ardglass and Kilkeel and listening first hand to fishermen and their families in Northern Ireland expressing the frustrations that the hon. Gentleman has expressed on their behalf. That is why the UK Government believe that the proposals now coming out of the Commission on reform of the common fisheries policy are, potentially, to be seriously welcomed. If they lead to a common fisheries policy based much more on regional and local management, and on rules that mean we can abolish the obscene practice of discarding, that would be of benefit to both conservationists and fishing communities alike.

The second great advantage of European Union membership is that it helps boost our international trade, because the EU's position as a major trading power gives it weight in global negotiations and opens up new trading opportunities outside the EU for British business. The United Kingdom has already benefited from EU trade agreements with countries such as Mexico, Chile and South Korea, and is now engaged in multiple negotiations with other key trade partners, such as Canada, Singapore, India and the Mercosur nations. Let us be honest: without the size of the EU behind us, the United Kingdom on its own is unlikely to be able to secure the same deep and ambitious free trade deals with other regions or trading countries around the world. The South Korea free trade agreement alone is expected to provide £500 million of annual benefit to the United Kingdom economy. As the Northern Ireland chamber of commerce said when the deal was concluded:

"its opportunities are many and varied, and with"

Korea's

"wealthy population, it is simply too valuable a market to be overlooked."

The Northern Ireland chamber of commerce was right. I hope that there will be many opportunities for Northern Ireland companies in South Korea, as the EU free trade agreement is fully implemented.

Mr Bernard Jenkin (Harwich and North Essex) (Con): I will leave the matter of the institutions—it is obviously too sensitive a point—but why would South Korea not have agreed a bilateral arrangement with a country such as Britain in any case, given that we are one of its allies and so on? Why would the South Koreans want to take protectionist measures against us if they are prepared to make a free trade agreement with the rest of the European Union?

Mr Lidington: The terms that one is able to extract in the context of such a negotiation will be more favourable if one can negotiate as part of a bloc of 500 million consumers. What the EU was able to offer South Korea collectively was access to a market of 500 million. The UK on its own would have been able to offer access to a market of 50 million to 60 million consumers. That is not an insignificant number, but it is a tenth of the size of the European Union as a whole. That difference in scale means that European countries have greater weight and leverage when they are able to get their act together and negotiate en bloc.

The third reason I believe it remains in our national interest to stay an active member of the European Union is that membership enhances our ability to influence events abroad. On issues where there is a genuine common European interest, where the national interests of the 27 member states converge, it makes sense for those member states to act together, pool our influence and speak with a united voice. One voice representing 500 million consumers is heard more loudly in Beijing, Delhi and Brasilia than 27 separate voices. However, it is equally the case that where EU member states do not agree, it is right and proper that, as sovereign nations with our own national interests, we speak and act independently. It is also right that foreign policy and security and defence policy should remain matters where unanimous agreement is required for a European position to exist.

Andrew Percy: Will the Minister give way?

Mr Lidington: My hon. Friend must forgive me, but I want to press on.

Collaboration over Libya has brought in many—although not all—European states, including Italy and Belgium. In recent months, the EU has exerted collective pressure on Libya and Syria, as well as on Côte d'Ivoire and Belarus. Different European countries have different contributions to make. Poland and other eastern partners can give us a unique perspective as we seek to support the democratic movements in the middle east and north Africa, and can also improve our insight with regard to our relations with countries such as Russia and Ukraine. Spain's influence in Latin America will continue to shape Europe's engagement there, and Portugal is now helping European interests on the UN Security Council. If we look at the EULEX mission alongside NATO in Kosovo, the EU civilian and military missions supporting NATO elsewhere in the Balkans or the Atalanta mission to tackle piracy off the coast of Somalia, we see operations of European civilian or military experts focusing on particular areas of expertise, often in tandem with NATO, the United Nations or national forces. Those are good examples of where European countries have been able to give themselves greater clout by being willing to act collectively.

The motion in the name of the right hon. Member for Belfast North says that the British people desire "a rebalancing of the relationship with our European neighbours", and I agree with the hon. Member for North Antrim that there is too much centralised direction of many European policies.

The Government are committed under the coalition agreement to examining the balance of competences between Britain and the European Union, and as both the Prime Minister and the Deputy Prime Minister have said, there is a good case for rebalancing competences between the EU and its member states. Clearly, this would require the agreement of all 27 member states on the basis of negotiation and agreement, and could not be achieved through a unilateral decision. We have made no commitment to a particular outcome from this review. Work has begun and it is in its early stages.

In contrast to the Government's positive and active commitment to make a success of our EU membership and our robust defence of our national interests, we have heard nothing from Her Majesty's official Opposition save carping and an evasion of straight answers. Yet Labour was the party that committed us to the EU bail-out mechanism. This was the party that meekly surrendered £7 billion of Britain's budget rebate. This is the party whose leader refuses to say whether he would have signed the treaty that was before the British Prime Minister last week, but tells the BBC in an interview:

"I don't think Brussels has got too much power".

It is a party whose leader still yearns to join the euro, but the only certainty is that if we followed its advice, we would not just be attending EU meetings, as we would be in the queue for a bail-out, along with some of the others.

The Government are committed to a positive and active role within the European Union—on the single market, on global trade and on foreign policy. That is what is in our national interest, but we will not be afraid to stand up and resist, refusing to participate in measures where we believe that they run contrary to the national interests of the United Kingdom.

7.51 pm

Emma Reynolds (Wolverhampton North East) (Lab): It is clear that the Government are deeply divided on this issue. It is also clear that the Prime Minister and the Deputy Prime Minister are at odds, that Back Benchers are divided and that the Cabinet is divided. Perhaps the Prime Minister and the Deputy Prime Minister have more in common than we think, however, given that the Deputy Prime Minister empty-chaired the Prime Minister's statement yesterday in much the same way as the Prime Minister walked out from the summit last week. It seems that the Deputy Prime Minister could not stomach listening to the Prime Minister trying to justify his position to relegate the UK to the outer fringes of the EU in the early hours of Friday morning. I believe that the Deputy Prime Minister was right to say on Sunday that the outcome of the summit was "bad for Britain" and bad for jobs and growth. If only he had been able to convince the Prime Minister of his opinion before the summit.

Mr Peter Bone (Wellingborough) (Con) *rose—*

Dr Julian Lewis *rose—*

Mr Jenkin *rose*—

Andrew Percy *rose*—

Emma Reynolds: I am not giving way for the moment.

As I understand it, the Secretary of State for Energy and Climate Change has just this evening added his voice to the chorus of criticism of the Prime Minister from Liberal Democrat Ministers so I will be interested to see whether, given that the Liberal Democrats have had three different positions in five days on this issue, they have now come to a settled position. I hope that they will oppose the motion. How could they vote for it when they are on record as saying that what happened is a bad deal for Britain?

Mr Bone: Will the hon. Lady say whether Her Majesty's official Opposition are going to divide the House on this motion?

Emma Reynolds: Yes, we are going to divide the House, and if the hon. Gentleman had let me get to the second page of my speech, which I intend to be shorter than that of the Minister for Europe, he would have found that out.

I oppose this motion—we oppose this motion—as it bizarrely commends the Prime Minister for the outcome of last week's summit. The truth is that it was the worst possible result for the country. We have never been so isolated: 26:1. I say to the right hon. Member for Belfast North (Mr Dodds) that there is a difference between us and the other nine non-eurozone member states because the other nine are at least in the room, contributing to a decision that will have an impact on our economy. If the eurozone crisis deepens, it will have profound implications for our economy.

Mr Jenkin *rose*—

Dr Julian Lewis *rose*—

Emma Reynolds: Now we find that the UK is in a position whereby decisions affecting us could be taken without us even having a seat at the table.

Mr Stewart Jackson (Peterborough) (Con) *rose*—

Mr Jenkin *rose*—

Dr Lewis *rose*—

Emma Reynolds: Sometimes the veto—

Madam Deputy Speaker (Dawn Primarolo): Order. I think that the hon. Lady has indicated that she is not giving way until she has made some progress in her speech. I heard it and I am sure that hon. Gentlemen did. Perhaps they could remain in their seats for a little while, and the hon. Lady will make it clear when she wants to give way.

Emma Reynolds: I promise hon. Gentlemen that I will give way, but I am attempting to give a shorter speech than the one we just heard.

Sometimes a veto is necessary as a last resort, but it is a negative device that can be used to prevent change that we oppose. Back in the early 1990s, John Major used the veto at the Maastricht treaty summit. He got something in return—an opt-out from the single currency, which the Labour Government used to full effect while we were in office. However, the veto cannot be used as a positive device to force change that we want, as the Prime Minister demonstrated last week. He failed not only to secure the changes he demanded, but to stop the changes he opposed. The former Prime Minister got something in return for his veto; the current Prime Minister got nothing in return. It was a phantom veto; it failed to stop anything.

The truth is that the UK has never been outvoted on financial services in the 38 years during which we have been a member of the Common Market. The Prime Minister has defended nothing—walking out of the summit, leaving us weaker, not stronger. It is the greatest failure of peacetime diplomacy in more than half a century. Our partners do not recognise the Britain that walks away from a battle. As one French woman said in a vox pop to *The Observer* at the weekend:

"I've never seen the British give up."

This is not the bulldog spirit; it is a form of diplomatic defeatism.

It is not surprising that other European leaders did not even give the Prime Minister a hearing. They were completely taken by surprise by a list of demands that did not seem to have anything to do with the discussions in the summit. Not one single line in the summit's conclusion refers to financial services. Baroness Thatcher pioneered a single market to be decided by qualified majority voting and signed the Single European Act in 1986. The Prime Minister sought to overturn that decision last week, arguing for a removal of qualified majority voting in single market decisions. Needless to say, the Prime Minister's handbag was not as powerful as Baroness Thatcher's.

Mr Jenkin: I hope that the hon. Lady will make the position of her party clear. Would she have signed up to the presidency conclusions agreeing to a treaty of 27 in principle—yes or no?

Emma Reynolds: First, had we been in government, we would not have been asleep at the wheel for the first nine months of this year. Secondly, we would have built alliances, not burned bridges, and we would not have found ourselves in a situation at the summit in which nobody agreed with us. We had no support from any of those member states.

It is clear that the Prime Minister spectacularly mishandled the summit by failing to prepare the ground, failing to talk to European leaders in advance and failing to build alliances. The Foreign Minister of Poland, until fairly recently one of our strongest allies, singled out the UK for criticism in a recent speech. It now transpires—*[Interruption.]* Conservative Members might be interested to hear about this. It now transpires that even our lead diplomat in Brussels, the British permanent representative, learned of the Government's negotiating position only 48 hours before the summit. What a cack-handed way to prepare for important negotiations. No wonder the blame game has started in Whitehall between the Treasury and the Foreign Office.

Mike Gapes: My hon. Friend should also be aware that none of the ambassadors, based in London, of the other 26 European Union states knew in advance what the British Government were trying to get out of this

summit. How on earth could they report back to their countries in advance what might be the necessary concessions to get agreement if they were not told in advance?

Emma Reynolds: As my hon. Friend has eloquently pointed out, the Government's attempt to get agreement at the summit was amateur—they did no preparation. As a result of the Prime Minister walking out of negotiations, it is even more likely, not less, that vital British interests will not be taken into account when key economic decisions are taken at EU level. The eurozone 17 and the other nine non-eurozone countries will meet more frequently and take decisions that affect the UK, without the UK being in the room. How on earth do Conservative Members think that is a success? Without a voice, British business is more vulnerable to decisions that our Government are powerless to change or influence.

Dr Julian Lewis: I much admire the hon. Lady's verve and style, but everything that she says points to the conclusion that, given a choice between the only two options—to sign or not to sign—she would have signed. Is that conclusion right or wrong?

Emma Reynolds: I point out to the hon. Gentleman that nothing was signed at the European summit and negotiations are ongoing. A likely text might appear at the March European summit, but a text is not yet on the table. Yes, we would have stayed in the negotiations, because it is not in the national interest for decisions to proceed without us.

It is no wonder that businesses are concerned about what has happened over the last few days. Terry Scuoler, chief executive of EEF, the manufacturers' organisation, underlined the point:

"We need the government to develop a clear strategy for engaging with other member states when in theory it could find itself isolated on occasions."

John Cridland of the CBI has called for the Government to

"redouble its efforts to ensure that the UK is not put at an economic disadvantage".

Angela Knight—a former Conservative Member of the House—chief executive of the British Bankers Association, has stressed:

"We do not know yet what impact this new arrangement is going to have on the UK's ability to secure agreements on sensible regulation—but that is critical."

The penny is also starting to drop with some parts of the British press that originally welcomed the outcome of the summit. Even *The Daily Telegraph* states in its editorial today that it is unclear

"whether threats to the City really have been deflected".

The Times laments in its editorial that the Prime Minister

"has not set out a vision of where Britain now stands in the world".

In grave economic circumstances, the prospects for families, jobs, businesses and banks across our country are now all the more stark. Growth is flatlining and unemployment is at a 17-year high. Against the backdrop of that dire economic situation, the Conservatives want us to be further isolated, as if the reckless action of the Prime Minister at last week's summit was not enough to isolate the UK from its largest export market.

Glyn Davies (Montgomeryshire) (Con): I am trying hard to understand the Opposition's position on this complicated issue, but that is incredibly difficult without knowing whether they would have taken an affirmative or negative stance. We want not clever words about whether they would have signed, but a yes or no.

Emma Reynolds: It is terribly complicated, because the Government have two positions rather than one. Some hon. Members want the UK to cut itself loose completely. They will be happy only when the UK leaves the largest single market in the world. The Government's policies are already choking off the recovery and have made us more vulnerable to the eurozone crisis. Were our membership of the European Union also in doubt, the economic consequences would be devastating. In a recent written answer to my right hon. Friend the Member for Paisley and Renfrewshire South (Mr Alexander) about the economic benefits of the EU to Britain, the Foreign Secretary replied:

"European markets account for half of the UK's overall trade and foreign investments and as a result, around 3.5 million jobs in the UK are linked to the export of goods and services to the EU."—[*Official Report*, 12 July 2011; Vol. 531, c. 256W.]

Isolation could also threaten foreign direct investment.

Mr Bone *rose*—

Mr Stewart Jackson *rose*—

Emma Reynolds: I have given way to the hon. Member for Wellingborough (Mr Bone) already, so I give way to the hon. Member for Peterborough (Mr Jackson).

Mr Jackson: In passing, let me say that the hon. Lady owes an answer to the millions of patriotic Labour voters in the country on whether she would have signed. Is she aware, however, of a recent Civitas report, "A Cost Too Far", which estimates the current recurring annual cost to the UK of EU membership at between at 3% and 5% of GDP, a likely figure of £40 billion a year?

Emma Reynolds: I say to the hon. Gentleman that all our voters are proud patriots, and so are Labour Members. In constituencies across the country, foreign companies have invested in manufacturing facilities that support millions of jobs—Nissan, Honda, Bombardier, Airbus, to name but a few. In my constituency, Indian-owned Tata Jaguar Land Rover is building a new multi-million-pound engine plant, bringing hundreds of jobs. Those companies see the UK as a useful avenue into the single market. Those investments would be at risk if the UK continues to be on the sidelines, as Martin Sorrell, chief executive of WPP, stressed only yesterday when he recounted that he had spoken to an Indian investor who is considering where to locate a plant, and it was already the investor's perception that the UK is outside western Europe.

George Eustice (Camborne and Redruth) (Con): Is the hon. Lady not aware that all the arguments about inward investment leaving Britain were made when we decided not to join the euro, and they were all proved entirely incorrect?

Emma Reynolds: If the hon. Gentleman remembers, it was our Government who kept this country out of the euro.

[Emma Reynolds]

The UK's isolation is bad not just in economic terms, but for our influence in the world. Even the Deputy Prime Minister said on Sunday that when we stand tall in the European Union, we stand tall in Washington. But it is not only our standing in Washington that is now of concern. Political and economic power is rapidly moving south and east, to Brazil, India and China. In this new multi-polar world, it is those who harbour a fanciful, nostalgic longing for the empire who naively think that the UK could be more powerful standing alone. The only game in town to further prise open markets in emerging economies and to change the rules of the trade game, is for the UK to act within the European Union—a Union that magnifies our influence. Only this weekend, at the climate change summit in Durban, we saw that by working together with our European partners, we amplify our voice on key global challenges.

Andrew Percy *rose*—

Emma Reynolds: I will give way, if the hon. Gentleman will be patient.

Andrew Percy: I have been very patient; I am the last one to get in.

The hon. Lady talks about the issue of clarity. Will she tell my constituents what the Labour party's position is? Would they have agreed to what was asked on Friday? Do they support further European integration? Will they rule out membership of the euro for ever? Three simple questions, to which they want three simple answers.

Emma Reynolds: Last but not least, a simple answer—we are not in favour of joining the euro.

The cheerleaders who toasted the Prime Minister at the welcome home party at Chequers last Friday want out of the European Union. What was once the Eurosceptic fringe of the Conservative party has now become the mainstream, as has just been demonstrated. The Prime Minister is clearly following, rather than leading, his party. Naturally, Conservative Members are happy, albeit only for the time being. The right hon. and hon. Members who now back the Prime Minister do not agree with him that our membership of the European Union is vital to our national interest. They are the same right hon. and hon. Members that he tried to get on board when he ran for his party's leadership. He beseeched them to "stop banging on about Europe", but they did not obey.

I am not sure what was on the menu at Chequers, but the Prime Minister should be in no doubt that his guests have an insatiable appetite. After starters of prosciutto and cured meats, they will still want steak tartare for their main course. The Prime Minister has only earned himself a gap between the entrée and the plat principal.

The Prime Minister's actions last week were apparently taken in the face of some unidentified threat to one part of our economy, but the real objective was to toss some extra red meat to the anti-Europeans, whose appetites have now been whetted but not sated. Had the Prime Minister spent as much time and energy speaking to our European partners in the run-up to the summit as he spent pandering to his anti-European Back Benchers, we might be in a different place now—and it would be in the national interest for us to be in a different place. However, we have a Prime Minister who puts his party's interest before the national interest, and as a result we have a bad deal for British jobs, businesses and banks. Our country needs and deserves better leadership.

Several hon. Members *rose*—

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. As we are running out of time, I shall impose a five-minute limit in an attempt to ensure that all who wish to speak are able to do so.

8.10 pm

Chris Heaton-Harris (Daventry) (Con): It is always a pleasure to follow the hon. Member for Wolverhampton North East (Emma Reynolds). I know that when she worked for the Socialist group in the European Parliament she was behind the scenes doing deals, but they always involved giving powers away from the United Kingdom and to the European Union. I am sure that, like me, she is desperately upset about the fact that the Deputy Prime Minister has chosen not to be a distraction in this debate either.

The motion makes three points. It

"commends the Prime Minister on his refusal at the European Council to sign up to a Treaty without safeguards for the UK",

it mentions

"the use of the veto",

and it refers to

"the desire of the British people for a rebalancing of the relationship with our European neighbours".

I shall discuss all those points, and try to destroy some of the myths that have emerged from speeches made by Opposition Members.

It is fairly obvious that the British people, as well as some Members, commend the Prime Minister. I have a list of names of dozens of people who have sent e-mails supporting him. They are not Conservative party members or head-bangers, but they are passionate about this country, and I look forward to handing those e-mails to the Prime Minister in the near future.

Mr MacShane: Will the hon. Gentleman give way?

Chris Heaton-Harris: I will happily give way to the armless right hon. Gentleman.

Mr MacShane: I have to hold my arm up for blood-related reasons.

I have received similar e-mails. In 1983, 50% of the British people wanted to get out of the European Community, and a further 25% wanted a total renegotiation. The Labour party adopted that as its platform and its manifesto for the 1983 election. Margaret Thatcher ignored those feelings with contempt, won that election and the next one, and created the Single European Act without a referendum. What has gone so wrong with the spirit of Thatcher that today's Conservatives are happy to betray it?

Chris Heaton-Harris: I must tell the right hon. Gentleman that times have changed just a tad since then. I believe that the attitudes of the parliamentary Conservative

party directly reflect the attitudes of the electorate. They certainly reflect the attitudes of the electorate in England, and they would probably prove to reflect the attitudes of those in Scotland, Northern Ireland and Wales should they ever be consulted, as I hope they will be one day.

Let me say something about the veto that we supposedly exercised. I was a Member of the European Parliament, and I saw negotiations of this type up close and personal on a number of occasions. I saw the French walk out of meetings over the common agricultural policy. I enjoyed seeing the Spanish throw a magnificent strop during budget negotiations, which eventually ensured that the bulk of the Spanish fishing fleet was rebuilt or renewed at the expense of European taxpayers. Those countries were doing what most people do in business: they were setting out a negotiating position on the basis of which they could proceed. The one thing that all Members know is that this process will take months to reach fruition. At least we have the starting block of a solid negotiating position, something that earlier Governments were been unable to secure when embarking on European negotiations.

We have other vetoes that could be used in negotiations. One example is the multiannual budget financial perspective. In 2010-11, our net contribution to the European Union was £9.2 billion. We are the second largest net contributor to this club, but we ask very little in return for the money that we give. Our contributions will average about £8.5 billion for the next five years, and we should be demanding much more value for our money.

So many myths have been circulated. Today's *Financial Times*—a newspaper that some people consider to be an accurate record of what is going on, as indeed it normally is—contains an article headed "MEP threat", which states:

> "A British MEP who leads the European parliament's most powerful committee on economics and financial regulation is facing the threat of being ousted in a post-summit backlash against Britain."

In fact such positions are decided on the basis of the number of MEPs in a political group, and the only people who can oust Sharon Bowles are fellow members of the European Liberal group. That is a complete misunderstanding, and just one of the myths that are peddled nowadays.

George Eustice: Does my hon. Friend expect anything different from a newspaper that thought we should join the euro, and maintained that position for several years after we had rejected the idea?

Chris Heaton-Harris: Yes, I do. I expect the highest standards of reporting from out national newspapers, but I take my hon. Friend's point on board.

Damian Collins (Folkestone and Hythe) (Con): Will my hon. Friend give way?

Chris Heaton-Harris: I will, very briefly.

Damian Collins: Has my hon. Friend noted that other respected financial newspapers, such as *The Wall Street Journal*, have congratulated the Prime Minister on the stand that he took?

Chris Heaton-Harris: Indeed I have.

Other myths have been circulated. It has been suggested, for instance, that the Prime Minister's actions caused Britain to lose a seat at the table. Given that the United Kingdom was never going to take part in the Merkel-Sarkozy pact and thus potentially be subject to EU sanctions—I assume that the Opposition would be quite comfortable with that—I would not expect us to be invited to the monthly EU meetings that will start in January 2012. If the Prime Minister had signed up, the United Kingdom would still not be sitting at that table, because we are not in the eurozone, The veto changes mean nothing structurally in terms of UK influence at those meetings.

Another myth is that the Prime Minister's veto has created a two-tier European Union. That is complete tosh. We have a eurozone of 17, and a whole new group of Schengen countries. In 2004, when we signed up to the EU accession, a group of countries decided to allow entry to workers from the accession countries, but only Britain allowed them to hold the burgundy passport immediately. Other countries decided to move at a completely different speed.

Mr Jenkin: Will my hon. Friend give way?

Chris Heaton-Harris: Very briefly.

Mr Jenkin: If there is a two-tier Europe, it was created by the formation of the euro, and its foundation was the Maastricht treaty. Those who supported the Maastricht treaty cannot now complain that we have a two-tier Europe, because they voted for it.

Chris Heaton-Harris: I entirely agree. The Prime Minister's actions were, in fact, a timely reaction to the signs of caucusing of the 17 eurozone countries, and those countries that rely almost completely on Germany for their trade.

There are so many myths. There is, for instance, the myth perpetrated by the BBC's Stephanie Flanders—or, at least, the person who wrote what was on her autocue—that the Prime Minister used his veto to protect a tiny part of our economy. In fact, financial services accounted for a £35 billion trade surplus last year, 2 million jobs in the United Kingdom, and £54 million paid to the Exchequer in taxes.

The truth is that these constitutional treaty changes are the result of yet another EU summit that skirted around the problem of eurozone debt without paying off one cent of it. Many commentators, and some politicians here and abroad, may well have had a fun weekend pointing fingers at the UK and pulling shocked faces at the fact that a British Prime Minister dared, after nearly two decades, to engage properly in negotiations by setting out a solid position at the beginning rather than just saying yes. Let us now get down to negotiations. Let us talk. I commend this excellent motion,.

8.18 pm

Mr Jeffrey M. Donaldson (Lagan Valley) (DUP): I rise not just to support the motion, but to commend the Prime Minister for the stance that he took at last weekend's negotiations.

[Mr Jeffrey M. Donaldson]

The reality is that a bandwagon driven by Germany and France is taking the EU inexorably towards a European superstate. Those countries are using the current crisis in the eurozone as a cover to advance their agenda, and the fiscal compact is deepening and strengthening their desire—and the mechanisms that go with it—to build that European superstate. Our experience in Northern Ireland, as one of the UK regions, is not a positive one in terms of EU membership. Some member states that point the finger at the UK today are the very ones that sign up to treaties and then drive a cart and horse through every rule that those treaties create, and it is this country that abides by the rules in the European Union. Time after time we are told that Euroscepticism is a bad thing, yet those who are most strong in their defence of the European Union are often those who do not play by the rules created by the EU.

David Simpson: Does my right hon. Friend agree that France is one of the biggest offenders in this regard?

Mr Donaldson: I accept that entirely. People who talk about vox pops in France and who quote the French ought to talk to the French farmers about the European Union and the rules that their Government sign up to. As my right hon. Friend the Member for Belfast North (Mr Dodds) said, it is all very well talking about Britain being left outside the door, but let us wait until this treaty gets to the people in these member states and see the response when they realise its full consequences. In Northern Ireland, we have of course seen the consequences, at times, of bad European policies. As my hon. Friend the Member for Strangford (Jim Shannon) reminded us, we have seen those consequences and the impact on our fishing industry in Northern Ireland. Our white fish fleet comprised more than 40 trawlers in 1999, but it now numbers just four—that is the result of the common fisheries policy. At the end of the 1990s, the Northern Ireland over-10 metre fleet comprised 240 vessels, but now it comprises 140—that is the result of the CFP. We could also say the same about our farmers, because although there have undoubtedly been some benefits, small farmers have paid a very high price for the common agricultural policy. The directives that have been imposed on agriculture have presented a real challenge for many farmers across the United Kingdom, not least those in Northern Ireland.

Mr MacShane: On that very technical point, I would not object if the CAP were abolished, but what would a British agricultural policy—a BAP—look like? How much would it cost in taxpayer subsidies to keep our farmers, small and large, going as we would wish? Has anybody done the figures?

Mr Donaldson: The reality is that we would spend a lot more of the £18 billion we give each year to the European Union—half of which we get back—in supporting our farmers to produce the food that our country needs, and we would do so without the kind of silly regulation that Europe imposes on us. If we had a national policy in place of the CAP, we would use our own money to help our own farmers.

The same applies to our haulage industry. I talk to hauliers in my constituency and they tell me that they do not understand these crazy regulations that are imposed at times by the European Union. Business faces the same situation. As we all know, business is struggling as a result of the recession, yet the endless stream of bureaucracy emerging from Brussels continues unabated and we continue to fund those who create those regulations, with no diminution in the budget that goes into the super-structure that is European Union bureaucracy. So, as the leader of my party has pointed out, there are many benefits to the concept of rebalancing our relationship with the European Union. There are benefits for the economy, for business, for farmers, for fishermen and for hauliers—indeed, it is difficult to see who would not benefit from such a rebalancing.

Northern Ireland is the only part of the UK with a land border with another European member state. When we look across the border, we see the Irish Government subjected to the ignominy of having to give their budget to Europe for approval—and it leaks all over the place—before their Finance Minister has the opportunity to get up in the national Parliament to tell the people of the country what their Government are doing. Many people in Dublin now regard Berlin as the capital of the Republic of Ireland, not Dublin, because that is where the real decisions are being taken about their future.

Glyn Davies: Does the right hon. Gentleman agree that there is a serious democratic issue to address in how Europe is developing, and not only in Italy and Greece? Having budgets approved by the European Commission means that there is a massive challenge to the whole democratic basis on which the European Union is formed.

Mr Donaldson: Indeed, and for that reason I pointed out that the real agenda is to build a European superstate, which is to denude nations of their democratic sovereignty. This fiscal compact exists precisely to benefit that agenda, and when a country and a nation cedes fiscal independence, it cedes a huge part of its national sovereignty. That is why DUP Members object so much to what some in the European Union are trying to do. We do not want to see the United Kingdom and our fiscal independence abrogated and given to those in Brussels, who are accountable to nobody, who were not elected by anyone in this country and who are not answerable to the Parliament or people of this country.

We have heard the Labour spokesperson talk about walking out of negotiations. I had the experience of doing that on one occasion and I still believe it was the right thing to do. I can do no better than quote the words of Mohandas Gandhi, who said:

"A 'No' uttered from the deepest conviction is better than a 'Yes' merely uttered to please, or worse, to avoid trouble."

The Opposition would do well to listen to those words, and I am glad that the Prime Minister, for once, took them on board.

8.26 pm

Mr William Cash (Stone) (Con): The reality is that the markets are already demonstrating that there is almost no chance of the euro being saved. In addition, it is way beyond legal devices for people to claim that they will be able to stitch together an arrangement through some method of enhanced co-operation, article 136 and all the rest of it, against the background of the implosion going on outside in the eurozone, and indeed

in the European Union as a whole. I am disturbed by some of the language that I have been reading in the papers. As I indicated in an intervention on my right hon. Friend the Minister for Europe, legal advice has already been given, presumably by the Foreign Office, to the Government that they will be able to stitch together some kind of device that will enable the European Commission and the European Court of Justice to give a spurious authority—a spurious jurisdiction—to the deal between the 17 plus the others that wish to join in with them.

I would go further and say that, as has been said by a number of my hon. Friends, there are indications that some of the countries concerned are beginning to realise that when they go back to their Parliaments they will have to look also to their electors. The idea of unanimity in the confines of the euro establishment's comfy offices is not quite the same as having to face the consequences of the austerity measures, and to face up to protests and riots in some of those countries. That is where the decisions will eventually be taken, because we are talking about people; we are not talking about machines. We are not just talking about jurisdiction. There is far too much talk of trying to stitch up arrangements for the sake of convenience.

Mr Stewart Jackson: Is my hon. Friend not as incredulous as I am that those on the left in this country and across Europe are willing to be complicit in support for these fiscal policies? Working people in Europe will be subject to social discord, stagflation, unemployment and depression for the sake of the continuation of the European Union's policies.

Mr Cash: Yes. This fantasy of a European Union and how it has developed through the existing treaties is the reason we have the crisis in Europe as a whole. That is why we need fundamental change: the existing treaties are the cause of the crisis. It is not just a question of the single markets or, for that matter, the single market—

Ian Paisley *rose—*

Michael Connarty (Linlithgow and East Falkirk) (Lab) *rose—*

Mr Cash: I will give way one more time, to the hon. Member for Linlithgow and East Falkirk (Michael Connarty) who is a member of the European Scrutiny Committee.

Michael Connarty: I am very grateful to the hon. Gentleman but I think he is perhaps getting carried away by his own conclusions before using logic. Clearly, the crisis that faces all the countries in Europe, and most other developed countries, comes from the profligate madness of the casino-based banking system that all the countries joined in with. The eurozone might be under greater pressure, but it is not in as bad a condition, in reality, as the US economy at this moment. It is just that, unlike the US, it is not united enough to deal with the crisis as one country.

Mr Cash: I understand what the hon. Gentleman is saying, but with about 47% youth unemployment in Spain and in Greece, for example, and 30% in Italy, and so on, youth unemployment is a really serious problem, and there is not the same problem in some of the other countries to which the hon. Gentleman referred.

I am afraid that both the Opposition and the Liberal Democrats are completely out of their depth on this subject. For the Deputy Prime Minister to say that this historic vote, which will change the whole future of the European Union and our relationship with it, is bad for Britain is simply absurd. I do not want to go further than that, but I want to get on the record the fact that it is irresponsible of the Deputy Prime Minister to make such a statement. To claim that influence can be retained in a room when you know in advance not only that everyone will vote against you but that they all have the power to continue to do so involves living in a fantasy world not unlike that of "Alice in Wonderland".

Let me turn briefly to the question of this attempt, this device, this spurious method that people are trying to stitch together to give the measure some degree of authority despite all the realities of the crisis in the eurozone and in the European Union as a whole. There is an attempt to give the European Court of Justice and the European Commission some jurisdiction over this so-called separate treaty. I am not at all sure that it will be a treaty—at best it will only be an agreement—but people are calling it a treaty. I am very worried about the looseness of the language; I want just to make that point on its own.

The main objection to reinforcing the eurozone by means of an intergovernmental agreement is that the rules agreed under the European Union treaties—by which I mean EU primary legislation—by the 27 member states for the operation of the eurozone are to be modified by a separate agreement that does not have primacy over EU treaty law, and so cannot modify or be in conflict with EU treaty law, and that has not been agreed to by all 27 member states. It is vital to stick to that principle, which is at the heart of how the European Union functions. I might be critical of how the European Union has developed under the existing treaties, but those who are against us cannot have it both ways.

As for the objective, the hope seems to be that the provisions of an international agreement can be incorporated

"into the treaties of the Union as soon as possible."

That is in the statement on the agreement. In other words, the objective of getting the arrangement stitched up into the new treaty has already been set. I must advise the Government that it will not be in their interests to give effect to the proposal through a stitch-up or a device. The European Scrutiny Committee, of course, will be considering all those questions. In addition, the EU treaties require unanimity, so in order to make such a change unanimity would be required—unanimity that would have to include the United Kingdom. That would lead to a great deal of trouble for the Government if they were to attempt to achieve a stitch-up.

8.34 pm

Mr Gregory Campbell (East Londonderry) (DUP): I support the motion. In the past year or 18 months, many people in Northern Ireland and some across the rest of the UK have attempted to sideline my party and say that the issues we would be raising in Parliament would be negligible, isolated and of interest to very few people. Only a few weeks ago we tabled a motion on the important topic of fuel poverty, and more than 200 Members joined us in the Lobby. I hope that more

[Mr Gregory Campbell]

will join us tonight on this very important matter, which affects every man, woman and child across the length and breadth of the United Kingdom.

Almost 40 years ago a Euro-dream began, and we have seen the emergence, change and evolution of that dream, which many would argue is fast turning into a nightmare. Over the past weekend we saw its culmination, when the Prime Minister of this nation went into negotiations and, thankfully, when faced with a fait accompli, decided that it was time to say no. He was right to say no. What the Prime Minister has given to the Parliament and the people of this United Kingdom is a door-opening opportunity that we must not waste or cast to one side, but must seize with both hands.

In recent months we have seen the huge gulf—the chasm of Grand Canyon proportions—that exists between the economic development of countries such as Greece and Germany. But there is still insistence among the Europhiles that one size does fit all, when it is apparent to us all that that cannot and will not be the case. What we need, by way of opportunity, is for the competitiveness of the UK to emerge from the opportunity with which we have now been provided.

Bob Stewart: Is it not competitiveness within the European Union that is at fault—the competitiveness of the north against the lack of competitiveness in the south? That is what will kill the euro project, in money terms.

Mr Campbell: I thank the hon. Gentleman for those comments, and there is a significant amount of truth in what he says.

Here is a microcosm of some of the issues that might emerge. Some of my colleagues have mentioned the difference between the Irish Republic and Northern Ireland. Over the next few days millions of pounds will be spent in retail outlets in Northern Ireland by shoppers from the Irish Republic. That is good for the businesses of Northern Ireland, but why are they doing that? It is because only last week the Government of the Irish Republic had to announce an increase in VAT to 23%, so of course there is a 3% differential. We do not know where that 23% rate will go next year or the year after. The fact that this nation state retains the right not only to keep VAT at 20%, but possibly, I hope, over the next year, to reduce it back to 17.5%, will increase yet again the differential between the Irish Republic and Northern Ireland.

Colleagues have mentioned corporation tax. Again, that could add to the competitive advantage that we in the United Kingdom, particularly in Northern Ireland but in other regions as well, will have over other parts of the euro region, where corporation tax will be levelled at a rate that will not be similar to the current rate in the Irish Republic, but will have to be raised because of Franco-German demands.

In short, the issues are very clear. The Prime Minister has taken a stand. We commend him for that, but it must be only the beginning, not the end. We must now push the door open, ensure that we rebalance our position in relation to other nation states within the European region, and try to renegotiate a much better deal so that the £10 billion or £11 billion net that we put each year into the EU is deployed more cost-effectively to ensure that as we go forward, the competitiveness of this nation state benefits the people of this nation state.

8.40 pm

Martin Horwood (Cheltenham) (LD): I congratulate the Democratic Unionist party on a timely choice of topic and on some smart draftsmanship in the wording of the motion.

It is reasonably common knowledge that the Liberal Democrats think that the outcome of last week's summit in Brussels was not a good one. The less important reason for the outcome being bad was that the Prime Minister felt compelled to threaten the use of a British veto. That has generated a great deal of media interest and political over-excitement, but that was not the big issue. The big issue, as the Minister rightly emphasised, is the economic and financial crisis still facing the continent of Europe and, by extension, still facing the UK economy and the global economy.

It is already pretty clear that the hundreds of billions of euros mustered by the IMF, the European stability mechanism and potentially the European Central Bank have not been enough to reassure the markets. Italy, Spain, Portugal and Greece are all still under pressure. Some people have talked as if overnight exits from the eurozone would be desirable, even if they were possible, but they would not be; they would be catastrophic. The prospect of disorderly defaults and eurozone exits would threaten wholesale bank failures, bankruptcies and insolvencies across Europe, and that is still possible. I do not think the eurozone countries have yet put in place the firepower required to avoid it.

The capacity needed by the financial institutions will probably run to trillions of euros. It is not just a short-term crisis, as some of my Eurosceptic friends have pointed out. There are long-term structural issues concerning the compatibility of the German economy with those much weaker and less competitive economies in the same currency union, and those problems have not yet been sorted out. Perhaps the structures and the rules of a new treaty or agreement, whatever form it takes, may prove to be the beginning of a solution, but the process is still a long way from complete and there are quite a few obstacles in its path, some of them sitting in this Chamber.

Mr Cash: As one of the immovable objects to which the hon. Gentleman refers, may I stress that we are talking about the rule of law? I am sure he would not want a device to be used that attempted to bypass the legal processes of the very treaties that he so strongly advocates.

Martin Horwood: Of course not, and the law will be followed, but we may find that European Governments have to gather yet again for more crisis summits in the not-too-distant future. That offers Britain a bit of an opportunity. We now need a process of positive and active diplomacy to persuade some of our more traditional allies in Europe—Ireland, Sweden, even Germany, and many others—of the benefits of having Britain fully involved not in the eurozone, but in the overall process of European economic decision making. Why? Because one of the medium to long-term solutions to Europe's problems is to have a real focus on jobs and sustainable

prosperity—jobs and prosperity in the UK, as well as in the rest of Europe because, as has been pointed out, half our trade and foreign direct investment comes from other EU members.

The argument about repatriating powers, let alone leaving the EU, completely misses the point. It is in our interest not just to have a competitive and vibrant British economy, but for there to be a competitive and vibrant European economy as well, and Britain can help to bring that about. It is not just in Britain's interest to be at the heart of the European economy and European economic decision making; it is in Europe's interests too, and that in turn will help British jobs, British business and British prosperity.

Bob Stewart: In those circumstances, would it not be wise for those people who want us to stay in to come to us and say, "Look, talk again. We want to give you what you want. We really require you"? I think Europe requires us rather more than we require Europe.

Martin Horwood: The hon. Gentleman makes a very good point. The Liberal Democrats supported the initial negotiating position. The mystery of last week's summit is why we seemed to have so few friends in the negotiating chamber who would support those reasonable initial demands. That is why I am suggesting that we have a process of much more active and positive diplomacy in the run-up to what might be future summits.

Dr Julian Lewis: Will the hon. Gentleman give way?

Martin Horwood: No. I have taken two interventions, I am afraid, and time is short.

The reason we can go forward positively within Europe is that in Europe there are means of building alliances that do not depend on treaty changes or such complex and confrontational tactics. I cite in evidence the Under-Secretary of State for Business, Innovation and Skills, my hon. Friend the Member for Kingston and Surbiton (Mr Davey), who, by collaborating with European counterparts, has lifted onerous accounting rules from the smallest businesses in Britain and created a like-minded growth group, which the UK has joined with the Czech Republic, Denmark, Estonia, Finland, Germany, Ireland, Latvia, Lithuania, Malta, the Netherlands, Poland, Slovakia, Slovenia, Sweden and Romania to tackle common priorities and establish common negotiating positions on everything from the digital sector to services, impact assessments and smarter regulation.

We have the prospect, as the Europe Minister has pointed out, of rules over fisheries being returned increasingly to the local and national levels, and that is a positive development. There is the prospect also of co-operation leading perhaps to the reform of the EU's budget processes, and there are plenty of opportunities for a common reform agenda.

If I may finish on a positive, coalition note, I think that mainstream Conservative MPs and Liberal Democrats can absolutely unite on the need for reform.

Dr Lewis: Before the hon. Gentleman sits down, can he tell us whether his party will vote for the motion, against the motion, in both Lobbies or not at all?

Martin Horwood: Any Liberal Democrat who votes for the Democratic Unionist party motion tonight will do so extremely reluctantly, that is all I have to say.

It is a shame to try to snatch division from the jaws of unity, however, because I was finishing on a positive note. Conservatives and Liberal Democrats should unite on a reform agenda in Europe which does not necessarily require treaty change but will, I hope, be supported by other countries. Then we can build alliances and go forward positively, with the like-minded countries of Europe putting forward a positive and good plan for British jobs and British prosperity, for European jobs and European prosperity.

8.47 pm

Dr William McCrea (South Antrim) (DUP): When my colleagues and I considered the motion for today's Opposition day debate, we chose something that was both timely and relevant—namely, the UK's relationship with the European Union. It is vital that we as elected politicians give leadership to the country in these uncertain times, and today we can do so here in the mother of Parliaments.

Some members of Her Majesty's Opposition have expressed to me their surprise that an Opposition day motion would include the phrase "commends the Prime Minister", but if the Prime Minister has done something worthy of commendation I do not understand why an Opposition would not rightly say so. We believe that we were correct to begin the motion in such a fashion.

The Prime Minister did what was right, and that is not always easy. As a young preacher, I was told, "Do right should the stars fall," and, when the Prime Minister does what is right in our opinion, it is right for us to acknowledge that in the House.

Naomi Long (Belfast East) (Alliance): Will the hon. Gentleman give way?

Dr McCrea: No. The hon. Lady has not been present for the whole debate, so I am going to take this time to respond to the issues that have already been raised.

The Prime Minister went in to the negotiations. Naturally, there were pressures on him from other European leaders. Their demand was to go with the flow, but he stood firm and resolute for the interests of the United Kingdom. He did not come back to the House waving a "Neville Chamberlain" piece of paper, but became the first Prime Minister to have the courage to veto a new European Union treaty.

There are those in the House who condemn the Prime Minister for doing that. I ask them what authority he had to do other than stand up for the interests of the United Kingdom—that is why he is Prime Minister. In the past, other Prime Ministers have gone into important negotiations and when it came to the point of decision, they did not do what was in the interests of the country—although their consciences were saying that they should do something, they were not willing to do it because it was not popular.

Politicians are vain enough to desire popularity; they love compliments, especially from others on the world stage. However, it is better to do right than be forced to do wrong. The Prime Minister stood at the Dispatch Box in the House before going to the European summit. He told the House that he would act in the best interests

[Dr McCrea]

of the United Kingdom and that he would make certain demands to protect British interests, and if he could not get them, he would use his veto.

There is no use in someone's talking tough and taking a weapon to defend themselves if they are not prepared to use it. The Prime Minister took the veto weapon with him into the negotiations. Angela Merkel and Nicolas Sarkozy flatly refused him even the most modest concessions simply because they believed that he would do what other Prime Ministers had done before and that he would not use the nuclear option of the veto. History had told them that Prime Ministers did not have the bottle to use the veto, and, after the huffing and puffing, would concede rather than hold firm.

Bob Stewart: The President of France and the Chancellor of Germany were acting in their best interests. They wanted to do a raid on the City of London—something that provides 11% of the income of this country—and take it away from us so that we could not use it. That is what the Prime Minister was defending and that was why he was in the right.

Dr McCrea: I agree. The European Union has been used to raiding our coffers over the years; we have been paying for many of its wonderful, unique programmes, which have in fact been an abuse of some of the finances hard earned by the people of this country.

Emma Reynolds: Will the hon. Gentleman confirm that the decision-making procedure for any financial transaction tax is subject to unanimity, not to qualified majority voting, and that no attempt at all was made to impose such a tax on us at last Thursday's summit?

Dr McCrea: The hon. Lady has come to the Dispatch Box today, but has not yet told us what the official Opposition would have done had they been in government, so it is rich of her to ask questions of other Members about the issue.

What has happened is that Europe has been taught a salutary lesson, which it will not forget. Perhaps it will be one of the last lessons that Mr Sarkozy will face on the international stage; the presidential elections are coming and one never knows the results of those. Since the Prime Minister's justifiable action in Brussels, many commentators have tried to suggest that he has lost credibility on the European stage. What kind of influence could our Prime Minister have had if he had failed to honour his pledge to act in the best interests of the British people? It is clear that Mr Cameron has the support of a vast number of people throughout the United Kingdom on this issue, and we want and encourage him to continue to stand firm.

I suggest that if some Liberal Democrats feel that this does not have the support of the community, they can test it in two ways. First, they could have a referendum; certainly, it would be interesting for them to support that idea, as they wanted a referendum recently on something that was also a side, rather than an important, issue. Secondly, they could allow the electorate to decide. If they thought that Mr Cameron did not have the backing of the people, they could allow an election to take place and let the electorate make their decision based on that situation.

It is absolutely disgraceful that the leader of the Liberal Democrats stayed away from the House but was happy enough to go to bed in his constituency when the Prime Minister was standing up for the interests of the United Kingdom. He was happy to agree with a certain standard, but whenever the chips were down he claimed that Mr Cameron was yielding to his Back Benchers. I suggest that the change came over Mr Clegg because he was yielding to the shouts from his own Back Benchers. We do not need Mr Flip-Flop on this issue. We need a definite stand for the interests of the United Kingdom, and I am delighted that our Prime Minister took that stand in Europe.

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. Before I call the next speaker, may I remind Members that they should refer to other Members by constituency, not by name?

8.55 pm

Damian Collins (Folkestone and Hythe) (Con): It was stated earlier in the debate that there was some surprise at the British negotiating position in Europe and that other member states were not fully apprised of the stand that we would take. That came as a great surprise to me, because I think that the Prime Minister was incredibly clear about what he was going to do. Last week, he wrote an article in *The Times* setting out what he would do, and then when he got to the negotiating chamber, and had no alternative, he did what he said he would do. Perhaps if there was surprise in Europe it was at the fact that we have a British Prime Minister who actually does what he says he is going to do and does not roll over in the negotiating chamber at the last minute in the face of pressure from other countries.

The hon. Member for Wolverhampton North East (Emma Reynolds) said that when John Major was Prime Minister he secured, under threat of veto, the British opt-out from the single currency. That is quite right. To my mind, that suggests that it was his Conservative Government who kept us out of the euro by creating the mechanism by which we could stay out. However, that was not the only opt-out that he secured at the Maastricht negotiations; he also secured the opt-outs from the social chapter and the working time directive, which were given away by the Labour Government with nothing in return. One of the reasons we now have a big debate about returning powers to this country and to this Parliament is that those opt-outs were given away, together with the powers that went with them.

As the right hon. Member for Belfast North (Mr Dodds) said, this is by no means a done deal. It is not true that we are isolated and that every other country is lined up against us and is committed to the compact that was set out by the eurozone members. It is clear from what we read in the European press today that the Parliaments of countries such as Denmark and Poland are raising severe doubts about what is in the compact. Speaking from the negotiating table itself, Hungary and the Czech Republic have said that they need to go back to their own countries to ask the permission of their Parliaments.

Given the wording in the compact, it is hardly surprising that people are starting to raise those concerns. For the sake of the record, I should like to share with Members some of the things that it says. For example, it says that the rule on deficit and debt reduction

"will contain an automatic correction mechanism that shall be triggered in the event of deviation. It will be defined by each Member State on the basis of principles proposed by the Commission...Member States shall converge towards their specific reference level, according to a calendar proposed by the Commission...the Commission will in particular examine the key parameters of the fiscal stance in the draft budgetary plans and will, if needed, adopt an opinion on these plans."

Mark Reckless (Rochester and Strood) (Con): Can my hon. Friend explain those repeated references to the Commission? I understood that the Prime Minister had said that we were not going to allow the fiscal union to use the EU institutions of the Commission and the European Court of Justice.

Damian Collins: My hon. Friend makes a perfectly valid point. Of course, this is only a communiqué produced by the eurozone countries, not a binding agreement. However, it is clear that these decisions will be taken at European level. It will be the Commission's decision, or that of whatever European body is created to police this compact, to determine how quickly countries should reduce their deficit, to decide whether they are keeping on track, to propose what measures of intervention should take place if they fail to do so, and to create what it calls a common economic policy that is the stated aim and objective of these countries. If the eurozone members wish to proceed down that path, then that is a decision that they will take. It should be clear to all that Britain would never go down that path. We would never countenance such a transfer of power and sovereignty over our economic affairs to the European level. In setting out his objections and vetoing a treaty of 27, the Prime Minister clearly reinforced that point. There can have been no doubt and no surprise.

A question that has been asked is, what next for Britain and Europe? The summit in Brussels on Thursday and Friday was not about Great Britain, it was about the eurozone and its crisis. My concern, and that of other hon. Members, is that the crisis has not been fixed and that the measures that have been put in place do not provide the guarantees that the financial markets want. That makes it more likely that there will be a default in the eurozone, and that countries may leave the euro. The economic consequences of that are unknown, but most countries around the world predict that it will not help the world economy and, if anything, will make its problems greater. Europe has to overcome that problem.

European leaders may well reflect on the negotiations in Brussels and say that it would have been better to give the Prime Minister the concessions and reassurances that he was seeking rather than force us out and force us into using the veto, thereby delaying the possibility of a proper and sensible negotiation of a resolution for the eurozone crisis. That will be seen to be an error.

Turning to our own position, there has always been much talk about the amount of trading that we do with the European Union. As a bloc, it is worth more than 50% of our trade. Over the past 10 years, however, our trade with the developing economies around the world—Brazil, India, Russia and China—has been increasing, as has that of countries such as Germany. Those are large, developing consumer markets, and it is reasonable to expect our exports there to increase in relative terms and those to the European markets that have been the major home of our trade in the past to decrease in relative terms.

Kelvin Hopkins (Luton North) (Lab): Of course, we have a massive trade deficit with the rest of the European Union, so it needs us more than we need it.

Damian Collins: The hon. Gentleman makes a clear point about our trading relationship, but the point that I was seeking to make was that in the decades to come, our trading relationship with other countries around the world will become increasingly important. The idea that the only expression of British wealth and interest comes through the EU is not correct. Also, not just us but other EU members will have to put far greater priority on developing and expanding markets in other countries. That issue of trade policy has been neglected, particularly by countries in the eurozone.

Our focus has to be on making our economy more competitive both within the European market and around the world and on developing our trade interests around the world. That should be a priority for Europe as well. The idea that we can ignore the euro crisis, the challenges that Europe faces and the challenge of the emerging and dynamic economies is false.

My concern about what happened in Brussels is not about the fact that Britain took a firm stand and made it clear that we would not be part of policies that are an outdated solution to an old problem. We see the world not as a series of competing blocs, with the EU fighting against China and the United States, but as a developing patchwork of economies that we want to engage broadly with. We took a stand for what I believe will be the future direction of the world. My concern is that other members of the European Union have missed that challenge and missed the opportunity to put their own house in order, which was what the summit was supposed to be about.

9.2 pm

David Simpson (Upper Bann) (DUP): I start by congratulating the Prime Minister on the stance that he took in the negotiations at the weekend. However, I also wish to sound a note of caution. Although he is currently on the crest of a wave and the people of the United Kingdom are backing him—rightly so, and I congratulate him again—there will be more trials ahead. As other right hon. and hon. Members have said, the journey is not over yet. There is still some way to go, and we expect, hope and trust that he will show the same grit and "bulldog spirit", as it was put in the House last week, in doing again what he did at the weekend.

Mr Bone: I am sorry to interrupt the hon. Gentleman's powerful speech, but I have listened to the speeches made from the DUP Benches and the speech made from the Liberal Democrat Benches. I ask him, is it not a great shame that you gentlemen are not sitting on the Government side of the House and those gentlemen on the Opposition side?

David Simpson: If that is an invitation—[Hon. Members: "Don't be tempted."] I will not take it further; I think that is probably an internal matter for the coalition.

Martin Horwood *rose—*

David Simpson: I will not give way because time is short.

Of course, I rise to support the motion that my party has tabled. The whole of Europe—countries in the EU and outside it—faces a major crisis. It is an immediate crisis that is made worse by the drag or gravitational pull of long-term policies, treaties, agreements and directives that lock EU countries, especially those in the eurozone, into a negative economic cycle. Countries were allowed to join the euro that were simply in no fit state to do so and should never have been permitted to do so. Their admittance had nothing to do with their ability to survive and prosper with the euro, but everything to do with the ideology of those who have pressed for an EU superstate. The Republic of Ireland, Greece, Portugal, Spain and Italy were welcomed into the euro on the ground of a pro-European superstate rather than hard economic assessment.

At the same time as those fundamental weaknesses were being built into the eurozone, there were cries in the UK that we should be part of that disastrous undertaking. There were ardently pro-euro factions in the Conservative party and the Labour party. However, in both parties sanity ultimately won the day.

Many of us predicted that locking ill-equipped countries into a position whereby they could not devalue or set their own interest rates was a recipe for disaster. Some would say that, with the benefit of hindsight, Britain had a lucky escape. However, we do not need hindsight because we have history on our side—the history of the European Union and what has happened in it down the years.

From the phone calls and e-mails that I have received, I know that the general public in the United Kingdom are fed up to the back teeth with the money that we pour into Europe every year: £17 billion—£10 billion net, or, to put it in everyday terms, £200 million each day, only to see increasing red tape and an increasing desire to meddle in our courts, our immigration, our foreign policy, our tax system, our employment market and our national defence. For many people, that is simply not acceptable.

We should take the advice of the Prime Minister, who said at the end of October:

> "This is the right time to sort out the eurozone's problems, defend your national interest and look to the opportunities there may be in the future to repatriate powers back"

to the United Kingdom.

9.8 pm

Neil Carmichael (Stroud) (Con): The debate is important, and I congratulate the right hon. Member for Belfast North (Mr Dodds) on securing it. It has been thoughtful and measured, and it paves the way for a succession of debates in the same vein, which we will have to hold. As the previous speaker noted, much has yet to happen.

The Prime Minister made what he intended to do absolutely clear, and we should salute him for getting on and doing it. Not only did hon. Members and other members of the Government know it, but the Chancellor of Germany and the President of France knew it too, because they reacted calmly as if they had been pre-warned. Therefore, it must be recognised that our position was clear and the Prime Minister acted.

It is important to amplify some issues, one of which, of course, is that the events of last week mean that we will not have a referendum in the immediate future. There is no treaty to sign, and therefore no transfer of any power in any direction. Effectively, a line has been drawn under the referendum debate, unless or until another treaty is signed or another significant power is transferred. We should recognise that and move on to the next phase.

The next phase is something to which my hon. Friend the Member for Cheltenham (Martin Horwood) referred: renewing relations with many of our partners and establishing good, effective bilateral relations so that we can have a sensible dialogue on the kind of Europe we want to build. It is critical that we start thinking in terms of the competitiveness of Europe and the single market, but to do so we must have friends, a proper understanding and a long-term plan that makes sense. I therefore urge the Government to redouble their efforts to make good contacts and friends out of the 26 members.

Our interests are clearly associated with the fact that the euro must survive and become a sustainable currency, because if it does not we will all be in a big mess. We should say that and mean it. Of course, we must ensure that the compact that leads to further decisions is good enough and appropriately structured, but we also know that the US is equally interested in the future of the euro, because it, too, recognises that the world's largest market—with the eurozone within it and a key part of it—is not the best place to have a major currency crisis.

That brings me to the use of EU institutions. The Minister for Europe made it absolutely clear that there is plenty to do in connection with the compact and beyond, so it is far too early to talk about who should or should not use EU institutions. I have two things to say about that. First, Germany, France and other countries have made their mind up to do something. If they do not use EU institutions, they will do what they want nevertheless, and we might have even less influence over what happens. We must think carefully about that fact. Secondly, if we want to repatriate powers—we have said very clearly that we do—we will want friends who will help us to do so. I do not believe that taking an intransigent view on the use of EU institutions will help in that respect at all.

My final remark is this: we have a clear and obvious interest in ensuring that the single market works and that it works well for us. We must understand its strategic importance not just to the whole of Europe, but especially to our industry and services, which depend on it. We therefore must make it one of our key objectives to play ball with those who want to make that market even more competitive and effective.

9.13 pm

Mark Durkan (Foyle) (SDLP): I commend the Democratic Unionist party for this timely motion. It is effectively an invitation to a party in our House for the Eurosceptics on the Government Benches, who have been good enough to turn up.

It is important to recognise, as the hon. Member for Stroud (Neil Carmichael) did, that we are not talking about a done deal as such. Some right hon. and hon. Members who have been cheering the Prime Minister's position make him a hero because he stood outside what they have presented as an all-consuming, fixed done deal that can move only one way, whereas the reality is that the deal is not done. What the Prime Minister has done is take the UK out of the important, detailed negotiations that need to take place over the next few months. At a time when, given the safeguards that he and the Chancellor of the Exchequer have said they want for the eurozone and the separate safeguards they want for the UK—and at the time when they could most have used and built up key alliances in Europe—he has taken a position that says, "No, I am out of this."

Let us remember that it is the Prime Minister and the Chancellor who, for nearly their whole time in office, have been saying that what is needed is closer fiscal union in the eurozone. They were the people who were commending a unitary fiscal position, together with the US Administration, and now the Prime Minister is being cheered because others have moved to the very fiscal compact that he advocated as necessary.

There is a danger in this debate that those who were yesterday grinning like horses chewing thistles when the Prime Minister came in to make his statement will get carried away and become over-jubilant. They might find in a few months that their celebrations and anticipation will turn out to be ephemeral. The same goes for those in other European countries who are jumping up and down with indignation and raging at the Prime Minister. They might find that a lot of their concerns are ephemeral as people concentrate on the shortcomings of the deal itself—the shortcomings that are written into the pact and the even bigger difficulties that are not accounted for in the pact at all.

We need to remember that the deal is a fairly weak construction. It will not inspire enduring confidence among investors. The extra resources remain insufficient and the failure to deliver a credible plan for growth will only worsen the debt problem in Europe. There are serious shortcomings with the Merkozy deal, but the Prime Minister's approach should have been to point out those shortcomings and to build alliances in the months to come when those details have to be worked out further. We have seen the difficulties with all the previous deals that have come apart, and that will happen to this deal too.

The Prime Minister told us that he was going to the Council looking for certain golden rules to be put in place in the eurozone, but now he seems to be opposing a deal because people want to introduce some of those golden rules. The real issue has to be the difficulties that will be faced in achieving those rules. Let us remember that he did not tell us that he had vetoed a treaty because of its shortcomings in terms of guaranteeing fiscal discipline, stopping contagion and erecting a firewall. He told us that he stayed outside because the safeguards for the UK were not right. He would have been in a stronger position if he had focused his criticism and concern on the inadequacies of the deal per se, because he would have had alliances in times to come, including possibly assistance with his own safeguards.

We cannot afford isolationism, but we have heard talk of it tonight. Nor can we afford the vindictiveness that has been expressed in some political chambers in Europe. This is not the time to revert to predictable political postures on Europe and simply rehearse the totemic positions of our traditional European debate. Empty political certitudes are no answer to the raging economic uncertainties that face us in Europe, which do not affect just the eurozone, but fundamentally affect the sterling zone as well.

9.18 pm

Andrew Percy (Brigg and Goole) (Con): To continue the party analogy introduced by the hon. Member for Foyle (Mark Durkan), I am certainly a willing attendee, although judging by his speech he is a bit of a party pooper. I did not agree with much of what he said, but I certainly agreed with the speech by my right hon. Friend the Member for Belfast North (Mr Dodds) and others who have spoken from the Opposition Benches—if not always in opposition to us.

I want to mention the response from my constituents. Since the Prime Minister's action on Friday, we have been inundated with e-mails, Twitter messages, answerphone messages and telephone calls to the office from people—people who voted for all different political parties—saying that the Prime Minister was absolutely right to draw a line in the sand. It has been interesting listening to the people who criticise us on this issue and the language that they use. It is the usual sort of Euro-fanaticism that we hear from them, the usual patronising guff, as I called it the last time I spoke.

Neil Parish (Tiverton and Honiton) (Con): My hon. Friend is right. The Prime Minister used the veto to stop this European integration. Sitting in the European Parliament, of course, one finds that people are ever driving for greater union. This is one Prime Minister who has actually stood up for the British people. We must commend that.

Andrew Percy: I could not agree more with my hon. Friend, who, having been not at the heart of the EU but certainly present, knows a lot more about its workings than I would ever wish to know.

I was talking about the language used by those who object to or criticise the Prime Minister's actions despite having no alternative plan. They say that it is ill thought out, that we are ill informed and ignorant and that we do not understand the issues. My response is this: we understand the issues perfectly well, we understand how the EU works; we just do not like it—and you know what, Mr Deputy Speaker? They need to wake up because the public do not like it either, if the response to opinion polls and in our constituency offices and e-mail inboxes is anything to go by.

Of course, these are exactly the same people who argued for us to be in the euro. We hear this nonsense from Labour Members that they were the party that kept us out of the euro. They were not at all. They would have had us in there had it not been made so politically inconvenient and difficult for them. That is why they spent so much money trying to prepare us for the euro. I suspect that quite a few of them, if they were honest, would have us in the euro at the first possible opportunity. So we will not take any criticism from the Opposition Benches—I mean the Labour Benches, not the finer Benches occupied by Irish Members.

Angie Bray (Ealing Central and Acton) (Con): Does my hon. Friend think that the Leader of the Opposition would have been more successful at delivering a result during last week's talks in Brussels, given that every time his party went into talks it said yes to everything? Surely, the fact that for once we have said no might make people sit up and listen.

Andrew Percy: Love thy neighbour, I say, and the Leader of the Opposition is my constituency neighbour, so I do not wish to speak ill of him, but I entirely associate myself with my hon. Friend's words.

I want to concentrate on the Opposition's position before saying a few words about the Minister's response. The hon. Member for Wolverhampton North East (Emma Reynolds) did not answer my three questions: she did not say whether the Opposition have ruled out membership of the euro for ever; she did not say whether they believe that we have integrated too far and whether they are against integrating further or ceding more powers to the EU; and she did not answer my third question—one posed by many Members on both sides of the House—about what they would have done last Friday. There is this fanciful configuration under which they would have grabbed a deal—because the negotiating skills of the Leader of the Opposition are so renowned—that was good not just for Europe and the euro but for Britain. I simply do not buy it, and I strongly suspect that the British public do not either.

I want to say a few words about our valued coalition colleagues and their response over the past few days. I used to agree with a lot of what the Deputy Prime Minister said. Indeed, I clutch in my hand—although one must not use a prop, Mr Deputy Speaker—a photocopy of a Liberal Democrat election leaflet. They are mercifully thin on the ground in Brigg and Goole because we have no Liberal Democrat councillors. It is headed, "It's time for a real referendum on Europe" and continues:

"It's been over thirty years since the British people last had a vote on Britain's membership of the European Union. That's why the Liberal Democrats want a real referendum on Europe...But Labour don't want the people to have their say. The Conservatives only support a limited referendum...Why won't they give the people a say in a real referendum?"

The leaflet reads: "It's time for a real referendum".

Martin Horwood: Will the hon. Gentleman give way?

Andrew Percy: No, I have heard the hon. Gentleman's explanation of this in the past, when he talked about a referendum at some time in the future, but this leaflet says very clearly, "It's time for a real referendum". People can even send it back to the real referendum petition, 4 Cowley street, London.

Martin Horwood: Will the hon. Gentleman give way?

Andrew Percy: I am not going to give way, because I have heard the nonsense about the Liberal Democrats' manifesto commitment on this issue before, which was all about how there would be a referendum at some point in the future. However, I am afraid that the quotation given by the Deputy Prime Minister on this leaflet—he is named as "Lib Dem Leader Nick Clegg"—says:

"It's time to give the British people a real referendum on Britain's membership of the European Union."

I can assume only that when this leaflet went to the printers, the bit saying, "At some point in the future, but not any time soon," was missed off. Some people would say that the Deputy Prime Minister—

Martin Horwood: Will the hon. Gentleman give way?

Andrew Percy: I am not going to give way, so give up.

Martin Horwood: On a point of order, Mr Deputy Speaker. Is it in order for someone repeatedly to attack Members in the Chamber, and by implication the Liberal Democrat parliamentary party, and not give way when that is challenged?

Mr Deputy Speaker (Mr Lindsay Hoyle): I think one would say that it is a political comment rather than an attack. As both parties are joined together, I am sure that the hon. Gentleman would take it not as an attack, but as a political comment.

Andrew Percy: I am upset if any of my valued coalition partners thought that I was in any way besmirching their characters individually or attacking them. I am not: they are valued partners in this enjoyable coalition that we find ourselves in. However, I have said enough about the election literature.

Some people would say that the Deputy Prime Minister has acted disgracefully in the last few days. I am not going to say that. Some would say that he has acted appallingly, and I am not going to say that either. I will leave it to others to comment on that. What I would say in conclusion, however, is that I heard the Minister's comments, and I was warmed by much of what he said. We need a little more detail about whether the institutions will be used, but I hope that last Friday shows that a line has been drawn in the sand and that we have said, "We've had enough integration, and the British public have had enough." Whatever the other arguments, we have to accept that the British public are not where the political elite are in this country, but are much further on in the argument. They have looked at the European Union and they do not like it. That is why it is time we gave them a say, or at the very least ensured that nothing is given away to Brussels.

Mr Deputy Speaker: I remind the next speaker that we have only two minutes to go until the wind-ups.

9.26 pm

Ms Margaret Ritchie (South Down) (SDLP): I commend the Democratic Unionist party and the right hon. Member for Belfast North (Mr Dodds) for tabling the motion. However, it will be no surprise to him and his colleagues to hear that I will be in a different Lobby from them this evening.

As a committed European, I feel that there is no doubt that the Prime Minister's unilateral decision to veto any prospective new European treaty aimed at achieving greater financial stability across the eurozone is indeed regrettable. Not only did he appear to fail to consult his coalition partners; more importantly from our perspective in Northern Ireland, he failed to consult any of the devolved Administrations, despite the fact that his actions could have profound implications for those jurisdictions. I ask the Government seriously to

consider those implications in the medium and long term, because although there are many, shall we say, downsides, there are also many economic, financial and social benefits to membership of the European Union. In fact, Northern Ireland is the only part of the UK with a land and a water border with the eurozone. We are entitled to be consulted about any UK Government action that fundamentally impacts on Britain's relationship with the eurozone. Anything short of that is, frankly, disrespectful. I hope that the Government will bring forward a solution this evening and tell us that the Prime Minister will return to the negotiating table and not turn his back on the European Union again or the opportunities that could be there for us all.

9.28 pm

Sammy Wilson (East Antrim) (DUP): It is a great joy to sum up in what has been a timely debate, touching on an issue that concerns millions of people across the United Kingdom, not only because their attention has been focused on last weekend's events in Europe, but because of the continuing drift that we have seen. As my hon. Friend the Member for Upper Bann (David Simpson) said, on everything from foreign policy and macro-economic policy right down to the basic things that affect people's lives every day, people are more and more concerned about the impact that Europe has on them.

A number of matters have been discussed in a good debate. Those who have opposed the motion have raised a number of issues, which I would like to go through quickly. The first is the damage done to the United Kingdom by the Prime Minister's stance. This was epitomised by the comments of the hon. Member for Wolverhampton North East (Emma Reynolds) as shadow Minister when she said that the Prime Minister had left us on the outer fringes of the EU and that it was bizarre for us to wish to commend him for that.

Jim Shannon: Will my hon. Friend give way?

Sammy Wilson: Of course, but I want to develop this point first.

There is nothing new in this. The chattering classes have all come together to condemn the Prime Minister for standing up for Britain and for our interests in Europe. There is nothing new in those who see the European project being attacked using that tactic in debates such as this. In fact, a leader of the Liberal Democrats said, as revealed by *Hansard*:

> "There will be a second-tier Europe"—[*Official Report*, 24 September 1992; Vol. 212, c. 34.]

in which we will be led into "isolation". People may wonder how on earth that can be, when the Liberal Democrat leader has not been in the House since these events happened. How can he have anything on record in *Hansard*? Of course, I quoted not the present Liberal Democrat leader but the Liberal Democrat leader from 1992—nearly 20 years ago—when we had exactly the same situation. They have not even learned new lines, for goodness' sake. If they are going to criticise someone for undermining the European project, one would have thought that they would learn to find some new arguments.

People have said that we are isolated in the world. It is interesting to note that when Hillary Clinton commented, she said that she was not concerned at all about what the Prime Minister did in Europe this weekend. She was more concerned—and America is more concerned—about whether this will be an effective way of dealing with the crisis of the euro. As a number of hon. Members—including even the hon. Member for Cheltenham (Martin Horwood) —have pointed out, even the markets agree that this has not been a good deal. How on earth can we be isolated and left alone on the edges of Europe on this issue if we find that all those looking at the effectiveness of the deal have found it wanting?

The second argument is that Britain will be left alone and other nations in Europe will not support us. Hon. Members, including again the hon. Member for Cheltenham, and the hon. Member for Folkestone and Hythe (Damian Collins) and even the hon. Member for Foyle (Mark Durkan), have pointed out that this is not the end of the matter. Many of those hailed as supporting the deal are already beginning to have second thoughts. The list is endless: Denmark, Sweden, Poland, Finland and Czechoslovakia. Ironically, even one of the candidates who might well be the next Prime Minister of France has said that he would undo what has happened. I think that, far from being alone, we will find this issue being revisited by others. That requires a word of caution: if it is to be revisited, it is important for the Prime Minister to take the same stance again.

Mr Cash: Does the hon. Gentleman agree that, in the light of everything he has so soundly said, it would be extremely unwise for our own Government to make any attempt to endorse the arrangement, given its uncertainty and apparent instability?

Sammy Wilson: Absolutely. As other nations start to look at the implications of the deal and see the essentially undemocratic nature of it, they will ask themselves whether they are prepared to put their destiny in the hands of the European Commission.

I find it strange that the party that has opposed the Government's austerity measures in the United Kingdom has taken the view that it is better to hand the ability to impose those measures to the unelected bureaucrats in Europe. At least the Prime Minister can be held to account in this place every Wednesday and the Chancellor can be held to account here, too. We will not be able to hold European bureaucrats to account if we give them this power. That is one reason why I find the attitude of Labour Members very strange.

The third argument that has been made is that we have gained nothing and lost everything. The hon. Member for Wolverhampton North East put it succinctly: it was bizarre of us to support the Prime Minister, she said, because decisions will be made that will affect us, and we will not even be in the room when they are discussed; it has failed to stop any changes in the financial system; and it is bad for Britain, and bad for jobs. Therefore, she and the Labour party oppose what the Prime Minister has done. With such an argument, she should have found it easy to say, "We want to be in the room, we want to safeguard financial institutions, and we want to create jobs, so we will support the deal." But no matter how many times those in the Labour party have been asked the question, they have not been able to say that they would have supported the deal. Perhaps she will now tell us that the Labour party will support the deal.

Emma Reynolds: Nothing was agreed on Thursday that led to a signing of a treaty change. We would have to see what was in the treaty change to decide whether we would sign up to it.

Sammy Wilson: This is the problem—if that is the case, why would those in the Labour party not support a deal? Why will they not say that they would also have vetoed a deal? If they would not have vetoed it, they are saying that they would support something that they believe is bad for jobs. That is the logic of their position.

The other argument is that the Prime Minister has taken this action because he is afraid of his Back Benchers. If anyone is afraid of his Back Benchers, it is the leader of the Liberal party. On Friday, he was saying that he agreed the terms, the tactics and the approach. By Sunday he had changed his mind. What changed his mind? I suspect that his Back Benchers changed his mind. It is a bit rich to say that the Prime Minister is in hock to his Back Benchers. Equally, I suspect that the Labour party has taken the attitude it has adopted because it is afraid of the public. It knows that the vast majority of the public—57%—support what the Prime Minister has done. I would rather have a Prime Minister who is cognisant of the British people's views and then responds to those views. For that reason, we commend him in our motion.

I am sure that we will have plenty of opportunities to disagree with the Government, and times when we criticise the Prime Minister. This is not the end of the matter. The Prime Minister will have to show again the backbone that he showed last Friday, and we will look for him to do it.

9.38 pm

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Mr Henry Bellingham): I congratulate our friends in the Democratic Unionist party on securing this debate on the Prime Minister's decision last Friday to protect the national interest. They are true allies in these challenging times. I pay tribute to the right hon. Member for Belfast North (Mr Dodds) and the hon. Member for East Antrim (Sammy Wilson) for their speeches.

As the Prime Minister explained to the House yesterday, we went to the European Council in good faith, seeking to reach an agreement acceptable to all 27 members of the European Union. In doing so, we were clear on the need to have the necessary safeguards in place to protect our national interests on the single market as a whole and on financial services. We did not seek special treatment or carve-out for the UK, but safeguards that would ensure a level playing field. As my right hon. Friend the Minister for Europe said, those safeguards were modest, reasonable and highly relevant. As he also pointed out, it was a question of protecting not just the City of London, but financial services across the whole of Europe. As it was not possible to reach agreement on satisfactory safeguards, we were not able to agree to a treaty at 27. That was clearly the responsible course for us to take in order to protect the United Kingdom's national interest.

The hon. Member for Wolverhampton North East (Emma Reynolds) asked whether the Government had been properly prepared, and concluded that they had been ill prepared. She said that we had asked for too much, too late. Where has the hon. Lady been for the last month? The Prime Minister and the Deputy Prime Minister talked to most leaders and visited key capitals during that period. The Prime Minister saw Chancellor Merkel three weeks before the Council, and met President Sarkozy a week before it. The Prime Minister was clear about the position on safeguards, and made it crystal clear that the safeguards he wanted were moderate and reasonable. As was pointed out by my hon. Friends the Members for Folkestone and Hythe (Damian Collins) and for Stroud (Neil Carmichael), the position was well understood.

Emma Reynolds: Will the Minister give way?

Mr Bellingham: I will not, because I must cover as much ground as possible.

The course taken by the Prime Minister allowed eurozone countries and others to proceed with a separate treaty in which they could pool their sovereignty on an intergovernmental basis with the aim of implementing tighter fiscal discipline in the eurozone as part of the process of restoring market confidence. It is right and important for eurozone countries to take the action that they deem necessary to deal with the crisis in the eurozone. We want and need the eurozone to sort out its problems. That is in Britain's national interest, as it is clear that a crisis in the eurozone is having a negative effect on the UK economy.

Jim Shannon: Will the Minister give way?

Mr Bellingham: No, I will not.

Let me say something about the UK's influence in Europe. The decision not to proceed with a treaty at 27 has no impact on our status in the European Union. Our role in the EU is safeguarded by the existing treaties. Britain remains a full member of the EU. Our membership is vital to our national interest. We are a great trading nation, and we need the single market for trade, investment and jobs. Contrary to what was said by the hon. Member for Wolverhampton North East, we will remain active and influential in the EU. The European Council does not in any way diminish our role. As was pointed out by the hon. Member for Cheltenham (Martin Horwood) in a wise and sensible speech, this week there will be meetings of the Councils on Transport, Telecommunications and Energy, and Agriculture and Fisheries, and we will be present as full, active members in each of those Council meetings.

I am trying to respond to speeches made by a large number of Members on both sides of the House. As was pointed out by my hon. Friend the Member for Daventry (Chris Heaton-Harris) and the hon. Members for East Londonderry (Mr Campbell), for South Antrim (Dr McCrea), and for Upper Bann (David Simpson), the decision not to be part of the treaty that will be agreed by the eurozone and others does not in any way reduce our influence. The EU is not a monolithic block, and it already contains flexible arrangements.

As the right hon. Member for Belfast North observed, the United Kingdom is not part of the single currency or the Schengen no-borders agreement, but that has not prevented us from leading the way in the EU on a range of issues, from an activist foreign policy to the completion

of the single market. As my right hon. Friend the Minister for Europe pointed out, our position is incredibly important in terms of not just the single market but foreign direct investment, 50% of which comes from the EU. As he also pointed out, much foreign direct investment from other parts of the world, such as the BRIC nations—Brazil, Russia, India and China—is due to our membership of the EU.

My hon. Friends the Members for Stone (Mr Cash) and for Stroud referred to the EU institutions. We want the new treaty to work in stabilising the euro. That is in our national interest, because our economy is closely tied to that of our EU partners. I understand why the eurozone member states would want to use the institutions to help to ensure fiscal discipline. We will look constructively at proposals to use the EU institutions with an open mind, but this is new territory which raises important issues.

The right hon. Member for Belfast North was spot on when he said that nothing must be done through the back door. We must ensure that institutions built for 27 continue to operate fairly for all member states, including the UK, and in particular we must ensure that the role played by the EU institutions in safeguarding the single market is not affected. I assure my hon. Friend the Member for Stroud that we will continue to intensify bilateral relations with many different EU countries. Let me assure the hon. Members for Foyle (Mark Durkan) and for South Down (Ms Ritchie) that we will not take the isolationist route.

On the repatriation of powers and the balance of competences, the Government are committed, under the coalition agreement, to examining "the balance" of competences between Britain and the EU. There is a case for doing that—as the right hon. Member for Lagan Valley (Mr Donaldson) pointed out, it is a very strong one. The work on the review has begun and is in its early stages. In taking it forward, we will look at how to engage with our EU partners on individual competences. A change in the balance of competences would require the agreement of all 27 member states on the basis of negotiation and agreement.

I wish to say a few quick words about the working time directive, because it is important at a time of economic uncertainty that we remain focused on job creation and growth. That will require all of Europe to improve its competitive position, including in respect of labour markets. A key part of that will be limiting the barriers to flexibility in the working time directive. The Government are committed in the coalition agreement to limiting

"the application of the Working Time Directive in the United Kingdom."

Our priority is that the working time directive keeps a secure economy-wide opt-out; working people should be able to work the hours that they choose. We will also be looking to secure more flexibility in the areas of on-call time and compensatory rest.

I pay tribute, once again, to our friends in the Democratic Unionist party, because this very good debate has come at a crucial time for Europe and, throughout, the contributions of DUP Members have been incredibly consistent, solid and reliable. What can we say about the Opposition? I agree with my hon. Friend the Member for Brigg and Goole (Andrew Percy) that we have heard nothing but carping and criticism. The hon. Member for Wolverhampton North East did not tell us whether Labour would have signed the treaty. She said nothing at all in response to two interventions, including one from my hon. Friend the Member for South West Wiltshire (Dr Murrison), asking why Labour gave up Britain's £7 billion EU rebate when the now shadow Foreign Secretary was Minister for Europe? She also made no attempt to answer the question about why Labour signed the UK up to a euro bail-out mechanism after the general election—on 8 and 9 May 2010, before the coalition agreement was completed. She also failed completely to answer the questions put to her about her leader, who first—

Mr Dodds *claimed to move the closure (Standing Order No. 36).*

Question put forthwith, That the Question be now put.

Question agreed to.

Main Question accordingly put.

The House divided: Ayes 278, Noes 200.

Division No. 411] **[9.47 pm**

AYES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Amess, Mr David
Andrew, Stuart
Bacon, Mr Richard
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Bellingham, Mr Henry
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Binley, Mr Brian
Blackman, Bob
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bone, Mr Peter
Bottomley, Sir Peter
Bradley, Karen
Brady, Mr Graham
Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew
Brine, Steve
Brokenshire, James
Bruce, Fiona
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, rh Mr Simon
Burrowes, Mr David
Byles, Dan
Cairns, Alun
Campbell, Mr Gregory
Carmichael, Neil
Carswell, Mr Douglas
Cash, Mr William
Chishti, Rehman
Clark, rh Greg
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Cox, Mr Geoffrey
Crabb, Stephen
Crouch, Tracey
Davies, David T. C. *(Monmouth)*
Davies, Glyn
Davies, Philip
Davis, rh Mr David
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dodds, rh Mr Nigel
Dorries, Nadine
Doyle-Price, Jackie
Drax, Richard
Duddridge, James
Duncan, rh Mr Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Fallon, Michael
Field, Mark
Fox, rh Dr Liam
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fuller, Richard
Gale, Mr Roger

Garnier, Mr Edward
Garnier, Mark
Gauke, Mr David
Gibb, Mr Nick
Gillan, rh Mrs Cheryl
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Gove, rh Michael
Grant, Mrs Helen
Gray, Mr James
Grayling, rh Chris
Green, Damian
Greening, rh Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Hague, rh Mr William
Halfon, Robert
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Haselhurst, rh Sir Alan
Hayes, Mr John
Heaton-Harris, Chris
Henderson, Gordon
Hendry, Charles
Herbert, rh Nick
Hermon, Lady
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hollobone, Mr Philip
Holloway, Mr Adam
Hopkins, Kris
Howarth, Mr Gerald
Howell, John
Hunt, rh Mr Jeremy
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Jenkin, Mr Bernard
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kirby, Simon
Knight, rh Mr Greg
Laing, Mrs Eleanor
Lancaster, Mark
Lansley, rh Mr Andrew
Latham, Pauline
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Lefroy, Jeremy
Letwin, rh Mr Oliver
Lewis, Brandon
Lewis, Dr Julian
Liddell-Grainger, Mr Ian
Lidington, rh Mr David
Lilley, rh Mr Peter
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Luff, Peter
Macleod, Mary
May, rh Mrs Theresa
Maynard, Paul
McCartney, Jason
McCartney, Karl
McCrea, Dr William
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Menzies, Mark
Mercer, Patrick
Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Milton, Anne
Mordaunt, Penny
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mundell, rh David
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Ottaway, Richard
Paice, rh Mr James
Paisley, Ian
Parish, Neil
Pawsey, Mark
Penning, Mike
Penrose, John
Percy, Andrew
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Prisk, Mr Mark
Pritchard, Mark
Raab, Mr Dominic
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reevell, Simon
Robathan, rh Mr Andrew
Robertson, Hugh
Robertson, Mr Laurence
Rosindell, Andrew
Rudd, Amber
Ruffley, Mr David
Rutley, David
Scott, Mr Lee
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Shelbrooke, Alec
Simmonds, Mark
Simpson, David
Simpson, Mr Keith
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Soames, rh Nicholas
Soubry, Anna
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stanley, rh Sir John
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Mr Graham
Sturdy, Julian
Swayne, rh Mr Desmond
Swire, rh Mr Hugo
Syms, Mr Robert
Timpson, Mr Edward
Tomlinson, Justin
Turner, Mr Andrew
Tyrie, Mr Andrew
Uppal, Paul
Vaizey, Mr Edward
Vara, Mr Shailesh
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Watkinson, Angela
Weatherley, Mike
Wharton, James
Wheeler, Heather
White, Chris
Whittaker, Craig
Wiggin, Bill
Williamson, Gavin
Wilson, Mr Rob
Wilson, Sammy
Wright, Jeremy
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Ayes:
Mr Jeffrey M. Donaldson and Jim Shannon

NOES

Abrahams, Debbie
Ainsworth, rh Mr Bob
Alexander, rh Mr Douglas
Alexander, Heidi
Ali, Rushanara
Allen, Mr Graham
Anderson, Mr David
Ashworth, Jonathan
Austin, Ian
Bailey, Mr Adrian
Bain, Mr William
Banks, Gordon
Barron, rh Mr Kevin
Bayley, Hugh
Beckett, rh Margaret
Begg, Dame Anne
Benn, rh Hilary
Benton, Mr Joe
Berger, Luciana
Betts, Mr Clive
Blackman-Woods, Roberta
Blenkinsop, Tom
Blomfield, Paul
Blunkett, rh Mr David
Brown, Lyn
Brown, rh Mr Nicholas
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, rh Andy
Campbell, Mr Alan
Caton, Martin
Chapman, Mrs Jenny
Clark, Katy
Clarke, rh Mr Tom
Clwyd, rh Ann
Coaker, Vernon
Coffey, Ann
Connarty, Michael
Cooper, rh Yvette
Crausby, Mr David
Creagh, Mary
Creasy, Stella
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Curran, Margaret
Danczuk, Simon
Darling, rh Mr Alistair
David, Mr Wayne
Davies, Geraint
Denham, rh Mr John
Dobbin, Jim
Docherty, Thomas
Donohoe, Mr Brian H.
Doran, Mr Frank
Dowd, Jim
Dugher, Michael
Durkan, Mark
Eagle, Ms Angela
Edwards, Jonathan
Efford, Clive
Elliott, Julie
Ellman, Mrs Louise
Esterson, Bill
Evans, Chris
Flint, rh Caroline
Flynn, Paul
Gapes, Mike
Gardiner, Barry
Gilmore, Sheila
Glass, Pat
Glindon, Mrs Mary
Godsiff, Mr Roger
Goggins, rh Paul
Greatrex, Tom
Green, Kate
Greenwood, Lilian
Griffith, Nia
Hamilton, Mr David
Hamilton, Fabian
Hanson, rh Mr David
Harris, Mr Tom
Healey, rh John

Hepburn, Mr Stephen
Heyes, David
Hillier, Meg
Hilling, Julie
Hodge, rh Margaret
Hodgson, Mrs Sharon
Hood, Mr Jim
Hosie, Stewart
Hunt, Tristram
Irranca-Davies, Huw
Jamieson, Cathy
Jarvis, Dan
Johnson, rh Alan
Johnson, Diana
Jones, Graham
Jones, Helen
Jones, Susan Elan
Jowell, rh Tessa
Joyce, Eric
Kaufman, rh Sir Gerald
Kendall, Liz
Lavery, Ian
Lazarowicz, Mark
Leslie, Chris
Lloyd, Tony
Love, Mr Andrew
Lucas, Ian
MacNeil, Mr Angus Brendan
Mactaggart, Fiona
Mahmood, Shabana
Marsden, Mr Gordon
McCann, Mr Michael
McCarthy, Kerry
McClymont, Gregg
McFadden, rh Mr Pat
McGovern, Jim
McGuire, rh Mrs Anne
McKechin, Ann
McKenzie, Mr Iain
McKinnell, Catherine
Meacher, rh Mr Michael
Meale, Sir Alan
Mearns, Ian
Michael, rh Alun
Miliband, rh David
Miller, Andrew
Moon, Mrs Madeleine
Morden, Jessica
Morrice, Graeme *(Livingston)*
Morris, Grahame M. *(Easington)*
Mudie, Mr George
Murphy, rh Paul
Murray, Ian
Nandy, Lisa
Nash, Pamela
O'Donnell, Fiona
Onwurah, Chi
Osborne, Sandra
Owen, Albert
Pearce, Teresa
Perkins, Toby
Pound, Stephen
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reeves, Rachel
Reynolds, Emma
Reynolds, Jonathan
Riordan, Mrs Linda
Ritchie, Ms Margaret
Robertson, Angus
Robertson, John
Robinson, Mr Geoffrey
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruane, Chris
Ruddock, rh Joan
Sarwar, Anas
Sheridan, Jim
Shuker, Gavin
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew
Smith, Angela
Smith, Nick
Smith, Owen
Spellar, rh Mr John
Straw, rh Mr Jack
Stuart, Ms Gisela
Sutcliffe, Mr Gerry
Tami, Mark
Thomas, Mr Gareth
Thornberry, Emily
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Derek
Umunna, Mr Chuka
Vaz, Valerie
Walley, Joan
Watson, Mr Tom
Weir, Mr Mike
Whiteford, Dr Eilidh
Whitehead, Dr Alan
Williamson, Chris
Wilson, Phil
Winnick, Mr David
Winterton, rh Ms Rosie
Wood, Mike
Woodcock, John
Woodward, rh Mr Shaun
Wright, David
Wright, Mr Iain

Tellers for the Noes:
Yvonne Fovargue and Nic Dakin

Question accordingly agreed to.

Resolved,

That this House commends the Prime Minister on his refusal at the European Council to sign up to a Treaty without safeguards for the UK; regards the use of the veto in appropriate circumstances to be a vital means of defending the national interests of the UK; and recognises the desire of the British people for a rebalancing of the relationship with our European neighbours based on co-operation and mutually beneficial economic arrangements.

Mr John Spellar (Warley) (Lab): On a point of order, Mr Speaker. We live in some fairly interesting times, because not only do we have a Deputy Prime Minister who has gone missing, but I am reliably informed that not one Liberal Democrat Member voted in the Lobby to support the Prime Minister. Is there a precedent for that within a Government?

Mr Speaker: The right hon. Gentleman is a wise greybeard, and he will know that there are precedents for most things, but fortunately whether people vote or the way in which they vote is not a matter for the Chair. However, he has put his point forcefully on the record.

Business without Debate

DELEGATED LEGISLATION

Motion made, and Question put forthwith (Standing Order No. 118(6)),

ELECTRICITY

That the draft Electricity and Gas (Carbon Emissions and Community Energy Saving) (Amendment) Order 2011, which was laid before this House on 21 November, be approved.—*(Greg Hands.)*

Question agreed to.

Motion made, and Question put forthwith (Standing Order No. 118(6)),

FINANCIAL SERVICES AND MARKETS

That the draft Open-Ended Investment Companies (Amendment) Regulations 2011, which were laid before this House on 21 November, be approved. —*(Greg Hands.)*

Question agreed to.

Motion made, and Question put forthwith (Standing Order No. 118(6)),

BANK LEVY

That the draft Finance Act 2011 (Bank Levy: Amendment of Netting Agreements Provisions) Order 2011, which was laid before this House on 23 November, be approved.—*(Greg Hands.)*

Question agreed to.

Mr Speaker: With the leave of the House, we shall take motions 10 and 11 on Police together.

Motion made, and Question put forthwith (Standing Order No. 118(6)),

POLICE

That the draft Local Policing Bodies (Consequential Amendments) Regulations 2011, which were laid before this House on 21 November, be approved.

That the draft Elected Local Policing Bodies (Complaints and Misconduct) Regulations 2011, which were laid before this House on 14 November, be approved.—*(Greg Hands.)*

Question agreed to.

PETITION

Royal Mail Delivery Office, Kidsgrove, Staffordshire

10.6 pm

Joan Walley (Stoke-on-Trent North) (Lab): I should like to present a petition—*[Interruption.]*

Mr Speaker: Order. May I appeal to Members who are leaving the Chamber to do so quickly and quietly so that the hon. Lady is afforded the courtesy that they would want to be extended to them?

Joan Walley: I am most grateful, Mr Speaker, because this issue matters to me.

I should like to present a petition of more than 1,000 signatures from the residents of Kidsgrove, Staffordshire and others. In the run-up to Christmas, all Members will be aware of the important role of Royal Mail delivery offices, and that they are busier than ever at this time of year.

We are all aware of the value of the work of the postmen and women who deliver our mail, and of the importance of local delivery offices being close at hand. We want to ensure that Royal Mail liaises with local business and with Kidsgrove town council about any changes.

My petition therefore declares:

The Petition of residents of Kidsgrove, Staffordshire and others,

Declares that the Petitioners believe that the proposed relocation of the Royal Mail Delivery Office from Kidsgrove to Newcastle-under-Lyme, without consultation with local people and businesses, will result in a deterioration of local services, will be detrimental to local businesses, and cause an increased carbon footprint.

The Petitioners therefore request that the House of Commons urges the Government to take all possible steps to ensure that Royal Mail consults with local partners to improve delivery services in line with the commercial and domestic needs of the Kidsgrove, ST7 area and reviews the proposed relocation accordingly.

And the Petitioners remain, etc.

[P000988]

Illegal Music Downloading

Motion made, and Question proposed, That this House do now adjourn.—*(Greg Hands.)*

10.8 pm

David Morris (Morecambe and Lunesdale) (Con): I am delighted that this debate is happening today, and I have been told that I must declare an interest. As a former songwriter I remember that when I stood for election in Blackpool South, the local press exposed my misspent youth in the '80s and asked me, "Can you tell us about your songs?" I said—without wanting to be political, even though we are in the House of Commons—"Let's just say I wrote some dodgy records in the '80s, but that's nothing to do with the Government's criminal record"—by which I meant, of course, the previous Government.

So, with the bad jokes out of the way, and given that nobody is laughing, let us get on to a serious subject. The purpose of my debate is not to attack any business in the entertainment industry, nor is it to propose draconian new laws. I see this debate as an opportunity to put on the record the important work being done to combat the problem of illegal downloading.

Over the next few years, superfast broadband will give rise to even greater integration between the internet and how we consume media. If we get the issue right now, we can ensure that the film, radio and television industries benefit from the experience of the music industry once they become more popular online.

Before I start setting out the issues as I see them, I want to thank the organisations that have spoken to me about the issues that I am going to raise tonight: the Performing Right Society, Google, Virgin Media, UK Music, the Internet Service Providers Association and the British Recorded Music Industry, known affectionately as the BPI. All of them have forward-looking and determined vision to help resolve the problem and protect all sectors of this important industry.

Many of the organisations have pointed out to me that real leaps forward have been made since May 2010. They have asked me to thank the Minister for the role that he has played in leading that—not least in his work in establishing the Creative Industries Council, which brings together groups with an interest in intellectual property. That new group, which first met in July this year, is part of a wider dialogue, led by the Government, to work to resolve the problems that we now face.

Let me take a moment to set out the issues as I see them. We should cast our minds back to the time when MP3s exploded into public consciousness in the late 1990s and early 2000s. Suddenly everyone was talking about a website called Napster. The music industry was left shell-shocked as huge numbers of songs were swamped by hundreds of thousands—perhaps even millions—of users. At that time the problem was that the industry was years away from developing an alternative legal way to access music online. My personal view is that most Napster users were not criminals who wanted to engage in illegal downloading and piracy; most were young people whose only aim was to create music collections on their computers. In the absence of a legal method of doing that, they turned to an illegal one.

Mike Weatherley (Hove) (Con): I congratulate my hon. Friend on securing this important debate. Does he agree that there are three prongs to the protection of our creative industries? There is the carrot, which may be changing some business models to encourage people to download legally, perhaps through differential pricing. There is the stick, which would make illegal the activities of internet service providers and individual users who persistently download illegally, and address the problem of companies, such as Google, that advertise illegal sites. There is also education. People need to understand that if they continually download, that could seriously harm future creative industry output.

David Morris: I thank my hon. Friend for that information, and for the educational measures that he has introduced through his "Rock the House" campaign, which is gaining support across the nation and making Members of Parliament engage with the youth of today.

Today websites such as Spotify give a legal alternative to illegal downloading, but how do we ensure that people go to those sites rather than illegal ones? That raises serious questions and problems.

Martin Horwood (Cheltenham) (LD): The hon. Gentleman was understanding about the fact that most young people who initially indulged in the activity were not criminals. However, does he believe that the fact that the BPI has from time to time acted in such a heavy-handed way with young people—sometimes even with their families, who had almost no connection with the downloading—has somewhat undermined its public support for very real concerns?

David Morris: I thank my hon. Friend for that comment. The BPI's response may have been knee-jerk at the time, but as I have tried to set out, no real legal alternative is coming through quickly enough.

Search engines are understandably full of illegal sites. That is not the fault of the search engine providers; their spiders trawl the internet and automatically add new sites. Most of us in the House have already experienced that, because our websites are largely ignored until, after a few weeks or months, automated systems at the search engine level find them. Suddenly people start to visit our sites, so those sites are added to search engines without anyone at the search engine ever having looked at them in the first place.

Everyone accepts that creating search engines by any method other than automation is more or less impossible. That means that we then have to ask search engines to remove pages that sell or trade in illegal material. Google allows anyone who has had their copyright infringed to send it up to 10,000 pages a day to be removed. Groups such as the PRS regularly use this service, and say that Google has removed offending pages within four hours. That in itself—I can say in response to my hon. Friend the Member for Hove (Mike Weatherley)—is a step in the right direction by the PRS. The service is pretty impressive given the number of pages that have been removed, but it is also laborious for both parties. There is no obvious way to streamline the process, although I understand that discussions are now ongoing. And while the page is on the search engines it is very hard to know the difference between legitimate and illegitimate sites. Seventy-five per cent. of consumers admit to being confused.

Clearly, better education of young people is needed. I am chairman of the all-party group on media literacy. The aim of media literacy is to go into schools and teach young people how to function in this modern-day media environment, where claims made by advertisers and websites may be false. A group called Media Smart goes into schools with that aim and does a marvellous job, the BPI has a scheme called the Music Matters badge to educate consumers, and there are other schemes. However, a full programme on media literacy has not been rolled out, and is we must address that, as the internet is now so integral to modern life. The PRS suggests that we initiate a traffic light system whereby pages are rated green or red depending on whether they are legitimate. That scheme has some merit and could be considered at an industry level.

However, the fear shared across the industry is that legitimate sites will be wrongly accused of being illegal, so that perfectly legal sites are taken off search engines. Flagging sites as red could even open up search engines to legal action. We need to strike a balance between protecting search engines from this litigation and ensuring that they are not cavalier about taking down sites with no evidence. We must target sites that are built only to trade in unlawfully obtained music and are repeat high-volume offenders. The Internet Service Providers Association points out that it is hard to make companies the judge and the jury, as they may not have the expertise to arbitrate on such matters.

We must also ensure that advertisers do not place adverts on websites that trade in illegal content. All too often the offending sites are given an air of legitimacy by syndicated adverts from mainstream companies. Again, this is hard to combat, but advertisers must continue in this work. The Digital Economy Act 2010 empowers Ofcom to force internet service providers to reduce speeds for persistent offenders, and it may even suspend their accounts for short periods. Failure to comply with Ofcom leaves ISPs open to a fine of up to £250,000. The key point is that no one is expecting vast swathes of people to fall foul of these threats to reduce speeds or suspend accounts. Those are a last resort for use against those who refuse to use legitimate sites, the take-up of which is now growing. Through all those means—the development of legitimate sites, the action of search engines to remove illegitimate ones, and a limited threat of action for those breaking the law—we can start to build an environment in which people are encouraged to do the right thing.

The wider issue is the role played by free content. When I was in the music industry the country was awash with free content. Free-to-air television programmes such as "Top of the Pops" promoted artists but also allowed consumers to listen to music free. Much to the amusement of my colleagues, YouTube still has footage of me with a big mullet on "Top of the Pops" in the 1980s. Similarly, radio has offered free content for many years. Today "The X Factor" has developed into a free-to-air business model that relies on phone voting revenue in addition to advertising.

Allowing limited free content is the right thing to do because it promotes artists. YouTube does that very well because people can watch the music video, along with adverts, but it is not easy to download that video or record music from it. It is not impossible to record off YouTube, but the website itself does not offer that

[David Morris]

option. That again nudges people into doing the right thing. Watching a music video on YouTube generally ensures that artists and labels are paid properly for their work. YouTube is listed along with hundreds of other legitimate sites on Pro-Music. That project is an effort by the industry to help consumers to make the right choices, and I hope that more people will log on to the site. It does not promote any one site, but it helps to ensure that consumers can make the right choices.

The music industry, search engines and ISPs were taken by surprise by the download phenomenon. As my hon. Friend the Member for Cheltenham (Martin Horwood) said, knee-jerk reactions occurred, but companies are now coming together to help people make better choices. I do not believe that we will ever stop illegal downloading completely—after all, in my day some people were determined to tape songs off the radio and "Top of the Pops". Dare I say it, I can remember doing that myself in my teenage years.

Chris Heaton-Harris (Daventry) (Con): Lock him up.

David Morris: I know. However, I firmly believe that most people will act legally if they can.

I finish by congratulating the Government and the industry on working to reduce the problem. With everyone committed to getting this right, the problems of the past will soon be forgotten. Let us remember that we are world leaders in the music and entertainment industry, and our brands and artists have dominated the world for the past 50 years. The internet raises issues, but as we address those issues we make the business stronger. Finally, may I say how proud I am to have a music industry background, and put on record how much that industry contributes to our economy here in Great Britain?

10.20 pm

Mr David Amess (Southend West) (Con): I congratulate my hon. Friend the Member for Morecambe and Lunesdale (David Morris) on giving us the opportunity to participate in this important Adjournment debate.

Back when I was a newly elected young Member of Parliament, before the days of garage, hip-hop, trance or indie, and when the Beatles were listened to on cassette, I was fortunate enough to work closely with the BPI. I was even invited to many of the Brit awards; indeed, I was there when "Chombawallah", or whatever they were called, disgracefully threw water at the noble Lord Prescott, and when Michael Jackson's performance was interrupted by another star.

Through my association with the industry I grew to admire its work and appreciate what a jewel in the crown it is for Britain and all that is great here. I accept that, as my hon. Friend said, much has changed since those days, not least the music industry.

Andrew Bingham (High Peak) (Con): My hon. Friend has worked with the BPI and says that much has changed. Does he agree that the predominantly English-speaking world of the media and music brings a huge amount of economic benefit to this country? It is not just about the social benefit and the pleasure of listening to our music. We get great economic benefit from many of our bands, such as Chumbawamba and others, as we did from my hon. Friend the Member for Morecambe and Lunesdale (David Morris) in his heyday—not that I am suggesting that he is past his pomp.

Mr Amess: I absolutely agree with my hon. Friend. I think the BRIT school is just fantastic, and I very much hope that the Prime Minister will showcase at No. 10 Downing street all that is wonderful about the industry.

The changes that I mentioned, particularly the switch to digital music, have resulted in many of the issues that my hon. Friend the Member for Morecambe and Lunesdale raised. However, I am glad that some things have stayed the same, not least the BPI. I pay tribute to it, because it does an absolutely fantastic job of protecting intellectual property. There are of course others who do equally impressive work, and I work very closely with Fran Nevrkla, the chief executive officer of Phonographic Performance Ltd and Video Performance Ltd. I pay tribute to many other people, too.

I strongly acknowledge the measures that have already been set in motion to tackle illegal downloading, but I cannot help but feel that we must listen more carefully to the experts, as my hon. Friend said. For example, I welcome the steps taken by search engines to rank legal download sites above illegal ones, but confusion can still be found among consumers, with up to 75% of customers still unsure about which sites offer licensed content and which offer unlicensed content.

Solutions have been suggested to that problem and to many like it, and it is our duty to listen to those suggestions very carefully. For example, PRS for Music has proposed a consumer education system to help internet users identify legal content. Meanwhile, a recent research paper has proposed the introduction of a voluntary code of practice for search engines, overseen by the Government. According to the BPI, nine out of 10 fans want legal sites put ahead of illegal ones. We must listen to suggested solutions more carefully, so that wish can be fulfilled. For that to happen, we need a closer working relationship between concerned parties—I know that my hon. Friend the Minister will touch on that. I therefore welcome efforts to bring together various groups.

I do not listen all the time to Beyoncé, I do not entirely get Lady Gaga, although she is a very interesting lady, and I do not share the world's adoration of Justin Bieber, but I think that Amy Winehouse is a tremendous loss to the music industry. I have a broad taste in music and I can therefore understand the pressures that modern technology puts on the music and creative industries. My hon. Friend the Member for Morecambe and Lunesdale has done the House a great service in allowing us to debate the subject.

10.25 pm

The Parliamentary Under-Secretary of State for Culture, Olympics, Media and Sport (Mr Edward Vaizey): It is a great privilege to conduct the Adjournment debate under your watchful eye, Mr Speaker. I congratulate my hon. Friend the Member for Morecambe and Lunesdale (David Morris) on calling this important debate on the music industry and the illegal downloading of music. I thank my hon. Friend the Member for Southend West

(Mr Amess) for his important contribution and my hon. Friends the Members for High Peak (Andrew Bingham) and for Hove (Mike Weatherley) for their important interventions.

During the speech of my hon. Friend the Member for Southend West, I felt that I was in the middle of a pub quiz. Let me rise to the challenge and say that the band that poured water over Lord Prescott was Chumbawamba and that Michael Jackson's interrupter was Jarvis Cocker.

My hon. Friend the Member for Morecambe and Lunesdale is right to highlight the importance of the UK music industry. We are one of the few countries in the world that export music as a product, and the creative industries as whole form this country's third largest export industry. For the first time since my hon. Friend the Member for Southend West was a young man—25 years ago—we have had three No. 1s in the United States, and Adele has just been nominated for six Grammys. My hon. Friend also referred to the success of the BRIT school, which celebrates its 20th anniversary this year and was brought into being not least by the efforts of Lord Baker.

We have a terrifically successful music industry as well as a tremendously successful film industry, which is enjoying one of its best years, certainly in the past 20 years. Indeed, for the past 20 weeks, a British film has been No. 1 at the box office. It is therefore incumbent on the Government to do all we can to protect the property of those who create music, films and the content of television programmes, which we all enjoy, so that they can earn a living from that. It is also important to stress that those who earn a living from music, film and television are not simply the highly successful people about whom we read in the newspapers and who may earn a significant amount, but many others, who earn relatively modest wages, whether they are technicians on films, people behind the mixing desk in a recording studio or session musicians working on a record. It is important that we work with them to support them and that we do all we can to reduce the prevalence of online piracy, which is basically theft of the property that those hard-working British people create.

I agree with my hon. Friend the Member for Morecambe and Lunesdale that we will never eradicate online piracy—such a goal would be foolish—but we can reduce it significantly.

Jim Shannon (Strangford) (DUP): In Northern Ireland, we have had many unfortunate examples of organised crime groups who abuse the system, bring out copies and sell them for profit. Does the Minister feel that more can be done to ensure that that does not happen, not just in Northern Ireland but throughout the United Kingdom?

Mr Vaizey: Certainly, trading standards officers throughout the country work hard to counter the sale of physical counterfeit goods, but the real challenge, which the debate highlights, is the creation of the internet. It has obviously done much good for our economy and economies throughout the world, but it has also made it so much easier to pirate content digitally as well as sell counterfeit goods online.

My hon. Friend the Member for Morecambe and Lunesdale referred to the Creative Industries Council. The Government are delighted to have established the council to highlight the importance of the creative industries and to work on important issues such as access to finance and skills.

I also hold regular round tables with rights holders, be that in the music, film or television industries, and internet service providers and providers of search engines, to discuss common issues. The last round table that we held was attended by open rights groups as well, so hon. Members who are interested in what happened can find out from very public blogs.

As my hon. Friend pointed out, one of the best ways to combat illegal piracy is to provide legal services that are easy to access for consumers. The creation of Spotify; Deezer, which has recently launched worldwide; WE7, which is based here in the UK; and up to 70 other legal music services has provided consumers with a range of different opportunities to purchase music legally. Some ISPs, particularly BT, are looking very seriously at providing an easy-to-access music service to their customers, which would significantly reduce—I hope—the demand for illegal music.

Kerry McCarthy (Bristol East) (Lab): I agree that the way forward is to encourage sites that allow legal downloading such as Spotify, but the share of the money that the artist gets when a track is downloaded is tiny. It is not enough for struggling artists—the ones that cannot make money out of huge tours or selling lots of merchandise—to make a living. Has the Department looked into how the economics of that stack up?

Mr Vaizey: I absolutely agree with the hon. Lady on that, but even some money is better than none. On the need for education, which was mentioned earlier, it is important for her and others who feel like her, including me, to emphasise when we go to schools that many musicians and artists are not Adele, Coldplay or similarly successful groups and artists, and do not earn a great deal of money. The more prevalent illegal downloading becomes, the less opportunity they have to earn a living.

The Digital Economy Act 2010 was passed by the previous Government and this Government are in the process of implementing its procedures. Hon. Members will be aware that, in effect, this is the "three strikes" Act. We are in the process of putting in place the initial obligations code and the cost-sharing code, which should happen next year. It is important to stress that the letters that go out to people who might have infringed the law will be of an educative nature. They will not be of a penal nature and they will not cut people off; they will simply make the point that it is apparent that illegal downloading has taken place from their computer. The letters will also advise them how they can access legal music sites and protect their computer.

On supporting legal download sites, I am delighted that Richard Hooper has been appointed to take forward the digital copyright exchange. We hope that the exchange will be an industry-led initiative that will make it much easier to license intellectual property, music, film and television so that it can be used for innovative and new services. That is part of the Hargreaves report, which, although we are absolutely intent on protecting copyright, is looking at how we can bring copyright law into the 21st century.

[Mr Vaizey]

Hon. Members will also be aware of the success that the Motion Picture Association of America had in seeking an injunction against BT to block the Newzbin2 site using section 97A of the Copyright, Designs and Patents Act 1988. That is something that the previous Government and this one urged on the industry, and we are delighted that existing law was used to seek an injunction to block a site that was intent on infringing copyright and on effectively selling illegal products over the web. That injunction has now been in place for two weeks, and I gather that the MPAA is seeking further injunctions against other ISPs.

I should stress that that process, too, is a legal process. Rights holders go to court and seek a legal injunction. It is not a voluntary process or a process outside the legal system, and that is exactly how it should be.

We are also working with internet advertisers to try to reduce the amount of advertising that appears on infringing sites. This can often be inadvertent, given the wide spread of internet advertising, but the Internet Advertising Bureau has made significant progress in reducing the amount of advertising that appears on illegal sites, and it continues to work on the issue. In fact, it is probably a world leader in the work that it is doing alongside the Internet Advertising Sales Houses association. We also work with credit card companies to ensure that their payment systems do not appear on illegal websites. So significant progress is being made on this issue on a range of fronts—credit cards, advertising, the blocking of websites and the implementation of the Digital Economy Act, as well as bringing rights holders together with ISPs and promoting legal sites for music and other content.

My hon. Friend also mentioned the work that Google is doing, and over the last 18 months relations between rights holders and Google have improved significantly. Google has set the bar in dealing with notice and takedown, and it is now possible for infringing pages to be removed from Google's search engine in four hours, which is a very impressive turnaround time.

There remains a vigorous debate between rights holders and search engines, which in this case means Google for all intents and purposes, about the ranking of different sites. It is certainly a matter of extreme frustration to rights holders that typing in the titles of songs produced as if by a factory by my hon. Friend in the 1980s—such as "Never Gonna Give You Up" by Rick Astley—results in some infringing sites appearing above the legitimate site, thus depriving my hon. Friend of income that he richly deserves. Some voluntary procedures have been put forward, and we understand that Google's issue is that the algorithm is its DNA, as it were, but we also understand the concerns of rights holders. We are hoping to find a voluntary solution.

This has been a good debate, and it is important to highlight the work that we are doing to try to protect our content industries. I also wish to highlight the interest in the House at this late hour from a range of Members, all of whom have an impressive background in the creative industries.

Question put and agreed to.

10.37 pm

House adjourned.

House of Commons

Wednesday 14 December 2011

The House met at half-past Eleven o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

CABINET OFFICE

The Minister for the Cabinet Office was asked—

Government Procurement

1. **Alec Shelbrooke** (Elmet and Rothwell) (Con): What assessment he has made of the potential effects of planned changes to Government procurement on UK businesses bidding for contracts. [86418]

6. **Mark Pawsey** (Rugby) (Con): What assessment he has made of the potential effects of planned changes to Government procurement on UK businesses bidding for contracts. [86424]

7. **Mr Mark Spencer** (Sherwood) (Con): What assessment he has made of the potential effects of planned changes to Government procurement on UK businesses bidding for contracts. [86425]

The Minister for the Cabinet Office and Paymaster General (Mr Francis Maude): On 21 November, I announced a package of measures to transform how the Government buy. We want to save money for the taxpayer and for suppliers and to make it easier for small and medium-sized enterprises and voluntary organisations to bid successfully. That is why we have announced a pipeline of £50 billion-worth of future business opportunities. We will make it 40% quicker to do business with Government and we will, in future, engage proactively with current and future suppliers to discuss upcoming procurement opportunities.

Alec Shelbrooke: Will my right hon. Friend describe to the SMEs in my constituency of Elmet and Rothwell where they should go if they have any problems or issues with Government procurement?

Mr Maude: If there are problems not only in how central Government procure but across the wider public sector, I hope that my hon. Friend's constituents will make contact with my Department through the helpline that we have set up specifically for the purpose. If they highlight how procurements are being done that entrench the old, inefficient and anti-enterprise way of doing things, we can then intervene proactively, as we have done on a number of occasions, to make improvements.

Mark Pawsey: It is the small businesses that often have the greatest difficulty in accessing Government contracts, and that is because of a regulation from the European Union. Will the Minister tell us what steps he is taking to reform EU regulations to make it easier to secure contracts with Government both at a national and local level?

Mr Maude: The first thing that we are doing is trying to ensure that the way in which we implement the European directives is sensible and not overly bureaucratic and legalistic, which it usually is at the moment. The European Commission is introducing proposals to streamline and simplify the procurement directives, which we welcome. I was talking to Commissioner Barnier in Brussels two or three weeks ago, and he was very open to that happening.

Mr Spencer: Fresh Opportunities is a company in my constituency that supplies water drinkers to jobcentres. Sadly, though, it lost the contract. That was not because it was inefficient or too expensive but because it could not deliver a service on a large enough scale. What can the Minister do to enable SMEs, which cannot operate on a national scale, to be able to deal with Government bodies?

Mr Maude: We have two objectives here. We want to buy as efficiently as we can, which, in many cases, means using the scale of Government to aggregate volume and drive down prices. In many areas of procurement of commodities, goods and services, we are able to get the price advantages of aggregation but, none the less, involve SMEs much more in the process. We have a commitment and an aspiration to increase the value of SME business to 25% of the total.

Ms Margaret Ritchie (South Down) (SDLP): The Minister will be aware that public procurement guidelines in Northern Ireland are set by EU directives and UK regulations. Will the Minister, therefore, give a commitment to work alongside the Northern Ireland Executive and not to turn his back on Europe in negotiations to tackle the issues of over-complexity, cost and red tape, as those are issues that are affecting local business?

Mr Maude: As I said, we are actively engaged with the European Commission in supporting the good work that it is undertaking to streamline procurement processes, but we need to ensure—and I hope that the hon. Lady will do this—that the Administration in Northern Ireland do not overimplement the directives because we are finding that central Government and the wider public sector in Great Britain tend to do that.

Mr Mark Williams (Ceredigion) (LD): Notwithstanding what the Minister said about the economies of scale, the Federation of Small Businesses has reported an increased tendency for public sector contracts to be aggregated into much larger ones, thereby penalising smaller businesses. What has the Minister got to say to those small businesses?

Mr Maude: There is a whole range of procurement opportunities that are particularly suitable for smaller businesses. Even when we aggregate, that does not exclude small businesses. For example, we have just let the contracts for travel for the whole of Government

and one of the successful two bidders is a very small business, which, as a result of winning that contract, will become a much bigger one.

Mr Bernard Jenkin (Harwich and North Essex) (Con): Can my right hon. Friend include in that assessment the ability of charities and small organisations, mutuals and so on to bid for public sector contracts as providers of public services? May I commend the report that the Select Committee on Public Administration has published today on the big society, which recommends that the Government extend the eligibility for the VAT refund scheme, which currently applies to public sector bodies, to charities that deliver public services under contract with a public sector organisation?

Mr Maude: I shall ensure that my right hon. Friend the Chancellor takes note of my hon. Friend's suggestion. We want to make it easier for small voluntary organisations and mutuals to bid successfully. One thing that we aim to do is to get contracts chunked up into smaller lots. We have much bigger contracts, generally, than France or Germany would have in equivalent circumstances, which tends to militate and be biased against the interests of smaller businesses and voluntary and charitable organisations.

Social Exclusion

3. Jonathan Ashworth (Leicester South) (Lab): What assessment his Department has made of the role of the big society initiative in tackling social exclusion. [86421]

The Minister of State, Cabinet Office (Mr Oliver Letwin): The big society is all about building social capital, which is key to solving social exclusion. There are four places where most of us build the relationships that sustain us: in the family, in school, in our communities and at work. We are taking action to build social capital in all of those through a focus on the 120,000 most troubled families, through competition and raising standards in schools, through community organisers and the community first initiative in communities and through the Work programme, the rehabilitation revolution and the drug and alcohol recovery programme.

Jonathan Ashworth: I thank the Minister for that answer and I know that he is sincere in wanting to see civic society flourish, as am I. In Leicester, many organisations who work with vulnerable people at risk of social exclusion, such as the Shama women's centre or those at the Saffron Lane resource centre, increasingly find that their grants and pots of money are being cut. Does the Minister think he will be able to create the big society on the cheap?

Mr Letwin: As I said the previous time the hon. Gentleman asked such a question, he is extraordinarily assiduous in this area. I have done some further research on where he has been recently and the Saffron Lane centre that he describes is, I am glad to say, one area where the community organisers to which I referred will be located. While I am at it, it is clear that the hon. Gentleman drags the Government with him every time *he goes anywhere. He also visited the* Eyres Monsell centre and that is now receiving a £50,000 grant from the community grants system. We can be said to be delivering not on the cheap but on the expensive in the hon. Gentleman's constituency.

Jon Trickett (Hemsworth) (Lab): This year, 40,000 households were made homeless. As we approach Christmas and with today's rise in unemployment, Shelter estimates that every two minutes someone else faces losing their home. Now we hear that Government cuts to the big society have resulted in homeless charities facing 25% reductions in their funding. Will the Minister at least immediately agree to restore the social exclusion taskforce, which the Government shamelessly abolished when they entered the Cabinet Office, so that in the future the homeless and others who suffer from social exclusion will at least have a voice when he and his colleagues make such hard-hearted decisions?

Mr Letwin: I am sorry that the hon. Gentleman misunderstands the changes in the machinery of government that have taken place under this Government. It is perfectly true that the social exclusion taskforce has been abolished, and the reason for that is that we have set up instead a fully fledged first-rank Cabinet committee on social justice—

Jon Trickett: It meets in secret.

Mr Letwin: It is not in the least secret, as the hon. Gentleman mutters from a sedentary position, in the sense that it will produce a social justice strategy that he will be able to read along with the rest of the House. I think he will find that we are putting absolutely at the centre of our activities the fostering of the big society in order to help, among other things, those who are homeless. That is also one of the reasons why we recently issued our housing strategy, which does more than the hon. Gentleman and his colleagues did in many years to try to improve housing in this country.

Government Documents (Disposal)

4. Jim McGovern (Dundee West) (Lab): Whether his Department has considered altering its guidance on the disposal of official Government documents. [86422]

The Minister for the Cabinet Office and Paymaster General (Mr Francis Maude): No.

Jim McGovern: According to Cabinet Office guidance, what would be the recourse if a civil servant in the Minister's Department breached the Data Protection Act?

Mr Maude: I can provide a detailed answer to the hon. Gentleman if he requires. If he is concerned about classified Government documents going amiss, I suggest he raises the matter with his right hon. Friend the shadow Health Secretary, who in 2009 had to apologise for leaving a briefcase full of classified Government documents on a train.

Big Society Capital

5. Richard Fuller (Bedford) (Con): What recent progress he has made in establishing Big Society Capital. [86423]

The Parliamentary Secretary, Cabinet Office (Mr Nick Hurd): Big Society Capital is all about trying to make it easier for social entrepreneurs to access capital. We think that we are making good progress, moving swiftly through the Financial Services Authority authorisation and EU state-aid approval processes, and we are confident that Big Society Capital will be open for business by spring. In the meantime, the interim investment committee, which made its first investment in July, will announce its next investment shortly.

Richard Fuller: I thank the Minister for his answer. My focus is on the voluntary organisations whose budgets are always tight, so will he advise me on how he can enhance their capacity to take advantage of the opportunities afforded by Big Society Capital?

Mr Hurd: My hon. Friend knows from his lengthy experience in the area that we have fantastic social entrepreneurs in this country, and we want to make it easier for them to access capital, but, as he points out, some of them need more help to become more investment-ready. That is exactly why we have set up a £10 million investment and contract readiness fund—to provide grants for organisations that want to attract investment but know they need more help to become more investment-ready.

Mr Gareth Thomas (Harrow West) (Lab/Co-op): Among the Public Administration Committee's many criticisms in its report today, it rightly highlights that Ministers cannot expect the big society bank to provide the solution to the funding crisis that their cuts are causing for hundreds of charities. Given that the report goes on effectively to accuse Ministers of being out of touch and not providing effective leadership to tackle the problems that charities face, would not now be the perfect time for yet another one of the Prime Minister's big society re-launches?

Mr Hurd: I am not going to take any lectures on leadership and Big Society Capital from the Opposition, because they talked for 10 years about setting it up but did not actually do it. We are doing it because we want to make it easier for social entrepreneurs to access capital. It is on track, and we are very proud of it.

Employee Mutuals

8. **Ian Murray** (Edinburgh South) (Lab): What steps he is taking to encourage employee mutuals to develop and run central Government services. [86427]

The Minister for the Cabinet Office and Paymaster General (Mr Francis Maude): As we set out in the "Open Public Services" White Paper, we are committed to an ambitious programme of mutualisation, allowing staff to break free of bureaucracy and to spin out from the public sector. To support that, we have put in place the mutuals support programme, the mentoring of mutuals by groups such as John Lewis, the mutuals task force chaired by Professor Le Grand and the mutuals information service, and we are increasing the "right to provide" scheme.

Ian Murray: The Minister for the Cabinet Office expects there to be an extra 1 million workers in organisations taking over the running of public services by 2015. Will he update the House on how many he expects to be doing so by the end of this financial year?

Mr Maude: I have certainly not set a target of 1 million, but it is perfectly feasible that 1 million public sector workers will choose to take themselves out of the public sector in order to deliver in employee-led organisations the services that they currently provide. The number is growing, and, although we cannot make it happen, we are going to make it a great deal easier and to support all those groups. The benefits are huge in terms of productivity. Staff absence falls, staff turnover falls and customer satisfaction rises very dramatically, so I hope that we have the hon. Gentleman's enthusiastic support for this programme of mutualisation.

Government Contracts

9. **Craig Whittaker** (Calder Valley) (Con): How small and medium-sized enterprises in Calder Valley constituency can bid for central Government information and communications technology and facilities management contracts. [86428]

The Minister of State, Cabinet Office (Mr Oliver Letwin): It is absolutely vital that small and medium-sized enterprises should be able to bid for ICT and other contracts, and that is why the Minister for the Cabinet Office said a moment or two ago that we have set an ambition for 25% of contracts to go to SMEs. We have also simplified the contracting process, making it easier for SMEs to find out what the Government seek to purchase, and I recommend that the enterprises in my hon. Friend's constituency look at the Contracts Finder website, which I have been on myself, It is an absolutely admirable one-stop shop for finding out about Government contracts.

Craig Whittaker: I thank the Minister for that reply. I am not a cynical kind of guy, but I wonder whether he can give the House some examples of how the Government are helping SMEs by awarding them contracts.

Mr Letwin: Yes, I can, and I refer again to something that my right hon. Friend was saying. Recently, the Government's very large domestic travel contract was let—the domestic side alone amounts to £1.1 billion a year of travel—and one might have expected it to go to a very large firm, but, because of the way in which my right hon. Friend structured it, it went to Redfern Travel, a company with 33 employees. It is a small or, at any rate and by anyone's definition, only a medium-scale enterprise, and it was able to win the contract. The managing director said:

> "The award of this contract...clearly demonstrates that...any SME can not only bid for major Government contracts, but also meet the challenging requirements",

so I think that that is a very good test case.

Esther McVey (Wirral West) (Con) *rose—*

Mr Speaker: Order. It is normally a great pleasure to hear from the hon. Lady, but the Wirral is a little distance away from Calder Valley, to which this question exclusively relates. We will save her up for another occasion.

Public Sector Pensions

10. **Mr Philip Hollobone** (Kettering) (Con): What progress he has made in reaching agreement with trade unions on the Government's proposed reforms to public sector pensions. [86429]

The Minister for the Cabinet Office and Paymaster General (Mr Francis Maude): We have engaged in intensive and frequent discussions with the trade unions. At their request, talks are continuing at scheme level in the four public sector pension schemes that are currently being discussed, and we continue to make progress, I believe, in all four. We are determined that public sector pensions will remain among the very best available, but in order to make them sustainable and affordable for the long term, reform is urgently needed.

Mr Hollobone: Under the Government's offer, a teacher earning £32,000 a year could anticipate a pension of £20,000 a year, whereas a private sector worker earning the same salary would have to devote some 38% of his or her wages in order to get a pension of the same size. Given the terms of the Government's offer, should the trade unions not now call off any threat of further industrial action?

Mr Maude: I simply pray in aid what Lord Hutton, the former Labour Pensions Secretary, said yesterday, when he referred to public sector trade unions "holding a gun" to the taxpayer's head. He said that the offer was generous and that it was hard

"to envisage a better offer being made."

I hope that we can now move quickly to resolve the final, outstanding issues, so that we can move on without further disruption to people's lives.

Mr Ben Bradshaw (Exeter) (Lab): Given that the Minister's Department is currently the worst in Whitehall for meeting the Government's business plan targets—targets for which he is responsible—having missed 38 at the last count, would his time not be better spent sorting out his own Department, rather than picking fights with public sector unions?

Mr Maude: The short answer is that we want to get these public sector pension issues resolved quickly. I would be quite interested to know whether the right hon. Gentleman shares our belief—and that of Lord Hutton, his former colleague—that we are talking about a generous offer that the trade unions should accept, and that they should stop "holding a gun" to the taxpayer's head. Does he agree with that?

John McDonnell (Hayes and Harlington) (Lab): The Minister earlier announced that if he had not secured agreement by Christmas, he would impose a pensions settlement or scheme on the unions. Is that still his intention, and if it is, will he make a statement to the House next week?

Mr Maude: We very much hope that it will not be necessary for the Government to move to the stage of imposition. Our intention is that we should reach agreement. It is necessary that we reach agreement by the end of the year, because there is a lot of work to do to put the new schemes in place as early as possible, so that people know what their future holds and we can implement the new schemes; so yes, we will be making further announcements to the House before it rises.

Voluntary Sector

11. **Julie Hilling** (Bolton West) (Lab): What steps he is taking to support the voluntary sector. [86431]

The Parliamentary Secretary, Cabinet Office (Mr Nick Hurd): We are supporting the sector through this difficult time by cutting red tape, investing in transition funds for infrastructure and front-line organisations, creating significant new opportunities for the sector to deliver public services, and supporting new initiatives to encourage giving and social investment.

Julie Hilling: The Roots project in Westhoughton in my constituency has been praised by the Government as a beacon of the big society, but Liz Douglas, the founder, has had no wages for six months. Words are no good. When will the Minister take action to support the voluntary and community sector?

Mr Hurd: The hon. Lady knows that we have taken a great deal of action, not least by putting in place a £107 million transition fund to help the most vulnerable organisations. If she is talking about cuts being made locally by Bolton council, she will know that the reduction in its spending this year was only 7%. The questions that she has to ask Bolton council are: "Why were you so badly prepared for this situation?" and: "Why did you block a proposal from Conservative councillors to create a fund to support local voluntary organisations?"

Topical Questions

T1. [86433] **Tom Blenkinsop** (Middlesbrough South and East Cleveland) (Lab): If he will make a statement on his departmental responsibilities.

The Minister for the Cabinet Office and Paymaster General (Mr Francis Maude): My responsibilities are for the public sector Efficiency and Reform Group, civil service issues, industrial relations strategy across the public sector, Government transparency, civil contingencies, civil society and cyber-security.

Tom Blenkinsop: Lists for 2010 failed to mention that the Prime Minister met Rupert Murdoch in June 2010. This was amended to ensure transparency only recently. Why?

Mr Maude: No doubt we can provide an answer to that question, but I do not have one at my fingertips.

T2. [86434] **Miss Anne McIntosh** (Thirsk and Malton) (Con): Mindful of the fact that we have not had flooding for a number of months and mindful of the forecasted storm weather, can the Minister for the Cabinet Office assure us that flood rehearsals are taking place between all the relevant emergency services on a regular basis?

Mr Maude: I can certainly confirm that. Meetings are taking place between the relevant Departments—one took place earlier this morning—to ensure that capabilities are in place in advance of any possible flooding, with urgent consideration given to ensuring that the public receive the right advice. I am glad to say that the forecast is looking a little better than it was.

Several hon. Members *rose—[Interruption.]*

Mr Speaker: Order. There are far too many noisy private conversations taking place in the Chamber. The House must come to order.

Michael Dugher (Barnsley East) (Lab): According to figures published by the Cabinet Office last week, the Deputy Prime Minister has appointed four more special advisers at a cost to the taxpayer of at least £190,000. At a time when the average family is set to lose £320 a year as a result of tax credit changes and at a time when almost everyone is asking what exactly is the point of the Deputy Prime Minister, does the Minister think that this is a good use of public money?

The Minister of State, Cabinet Office (Mr Oliver Letwin): I would have thought that the hon. Gentleman would realise that it is extremely important in a coalition that the Deputy Prime Minister as well as the Prime Minister should have adequate research support. It is extraordinarily difficult for Government Members to take comments of that kind seriously, given the previous Government's record on employing special advisers.

T5. [86438] **Simon Hart** (Carmarthen West and South Pembrokeshire) (Con): Can the Minister confirm how many civil servants went on strike in the recent action?

Mr Maude: I can indeed. *[Interruption.]* On—*[Interruption.]*

Mr Speaker: Order. I know that the House wants to hear the right hon. Gentleman's answer.

Mr Maude: I sense that the House is waiting on the edge of its seat for my answer. On 30 November, 146,256 civil servants went on strike, which represents about 30% of the civil service work force. I would like to express my appreciation to the 70% of civil servants who came to work that day as normal.

T4. [86437] **Karl Turner** (Kingston upon Hull East) (Lab): The Minister is refusing to negotiate with the unions over pension contribution increases, the retirement age, cost ceiling, indexation and other issues. Is that not typical of this Government, proving that they enter into negotiations with no intention whatever of coming to an amicable agreement? Are not the Government spoiling for a scrap with the trade unions?

Mr Maude: Far from spoiling for a scrap with the trade unions, we are engaged in very intensive discussions with them. Even in the week during which the strike took place—a completely unnecessary strike, which the Labour party refused to condemn, massively inconveniencing many people and damaging the economy—a number of meetings took place with the trade unions to try to secure agreement on the much needed reforms. Let me remind the hon. Gentleman that Lord Hutton, the former Labour Pensions Secretary, has said that this is a generous offer and that the unions should stop "holding a gun" to the taxpayer's head.

T6. [86439] **Harriett Baldwin** (West Worcestershire) (Con): Malvern has a cluster of firms—small, medium and large—with expertise in cyber-security. I invite the Minister down to Malvern to meet them.

Mr Maude: I can imagine nothing that would give me greater pleasure.

T8. [86441] **Diana Johnson** (Kingston upon Hull North) (Lab): Does the Minister have any regrets about the way in which he has conducted negotiations with the public sector trade unions by using megaphone diplomacy through the media and not providing information in a timely way?

Mr Maude: No, I have no regrets at all. We have engaged in very intensive discussions over a long period with the unions and the leadership of the TUC over the individual schemes. If the hon. Lady thinks we are not negotiating, she should talk to the TUC about the intensiveness of the negotiations. Perhaps she would like to remind her friends in the unions of what Lord Hutton, the former Labour Pensions Secretary, said only yesterday about the Government's offer. *[Interruption.]*

Several hon. Members *rose—*

Mr Speaker: Order. The House must come to order to hear Mr Simon Hughes.

T7. [86440] **Simon Hughes** (Bermondsey and Old Southwark) (LD): What contribution are Departments making to greater energy efficiency and reducing carbon emissions following the successful Durban summit?

Mr Maude: In the first year following the forming of the coalition Government, we cut carbon emissions by more than the 10% target that we had set ourselves. We have also committed ourselves to ensuring that carbon emissions from Government buildings—Government property—fall by no less than 25% during the current Parliament, and I am confident that we will fulfil that commitment.

Chris Ruane (Vale of Clwyd) (Lab): The Electoral Commission announced today that there are not 3 million but 6 million missing, unregistered voters. Does the Minister agree that the equalisation of seats should be postponed, or suspended, until a full investigation has been conducted to establish where those 6 million people are?

Mr Maude: I very much regret the fact that in the 13 years for which the hon. Gentleman's party was in office, it did absolutely nothing to address that problem.

T9. [86442] **Graham Evans** (Weaver Vale) (Con): The national citizens service is an excellent initiative to help young people to develop the skills and attitudes that they need in order to become responsible citizens. Can the Minister tell me what local branches of the service will be available to them in my constituency?

The Parliamentary Secretary, Cabinet Office (Mr Nick Hurd): I will write to all Members shortly to tell them which providers of the service are operating in their local authority areas, but I can confirm that providers will be working in Cheshire East and in Cheshire West and Chester next year. I strongly encourage all Members to become involved with this programme, which provides a fantastic opportunity for young people.

PRIME MINISTER

The Prime Minister was asked—

Engagements

Q1. [86403] **Richard Fuller** (Bedford) (Con): If he will list his official engagements for Wednesday 14 December.

The Prime Minister (Mr David Cameron): I am sure that the whole House will wish to join me in paying tribute to Sapper Elijah Bond of 35 Engineer Regiment, who died in Queen Elizabeth hospital, Birmingham last Thursday as a result of wounds that he had sustained in Afghanistan. He was a dedicated and highly professional soldier, and at this tragic time we should send our condolences to his loved ones, his friends and his colleagues.

This morning I had meetings with ministerial colleagues and others. In addition to my duties in the House, I shall have further such meetings later today.

Richard Fuller: Let me associate myself and, I am sure, all other Members with the Prime Minister's words about Sapper Elijah Bond.

The people of Bedford and Kempston will be disappointed that this week's report on the financial crisis in the Royal Bank of Scotland contained no provision for the criminal prosecution of executives, directors, regulators and Ministers for their failures. Can the Prime Minister assure me that, unlike the last Government, his Ministers will reinforce financial regulations, and will not undermine them as the shadow Chancellor did when he was in office?

The Prime Minister: My hon. Friend is right, and as he will know, we are considering specific extra measures. We are considering sanctions in relation to what was done by people on the board of RBS. However, the report was not just damning about the board of RBS; it was damning about the politicians who were responsible for regulating RBS. And it did not just name politicians who are no longer serving: it also named the shadow Chancellor.

Edward Miliband (Doncaster North) (Lab): I join the Prime Minister in paying tribute to Sapper Elijah Bond of 35 Engineer Regiment. He bravely gave his life in trying to improve the lives of others, and all our thoughts are with his family and friends. As we approach Christmas, our thoughts are also with all our troops who are serving so bravely in Afghanistan and elsewhere. Many will be spending Christmas away from their families and friends to ensure a peaceful Christmas for us, and we owe them a huge debt of gratitude.

In this, the last Prime Minister's Question Time of the year, let me remind the Prime Minister of what he had to say in his new year message of 2011. He said:

"Uppermost in my mind as we enter the New Year is jobs."

In the light of today's unemployment figures, can he explain what has gone wrong?

The Prime Minister: First, let me join the right hon. Gentleman in his fitting and right tribute to our forces at Christmas time—those who are serving in Afghanistan, but also those who are serving in other parts of the world. One of the things that strikes you most in this job is that they are the best of the best. They are brave, they are courageous, they are dedicated, and their families, too, give up a huge amount. I join the right hon. Gentleman in saying that.

Let me say about the unemployment figures that any increase in unemployment is bad news and a tragedy for those involved, and that is why we will do everything we can to help people back into work. That is why we have the Work programme, which will help 2.5 million people; that is why we have the massive increase in apprenticeships that will help 400,000 people this year; and that is why we will give particular help to young people through the youth contract and through the work experience places. We will do all we can to help people back into work.

Edward Miliband: But the figures show that the Prime Minister's economic strategy is failing. The Chancellor said at the time of the spending review last year:

"private sector job creation will far outweigh the reduction in public sector employment."—[*Official Report*, 29 November 2010; Vol. 536, c. 531.]

Will the Prime Minister confirm that over the last three months, for every job being created in the private sector 13 are being lost in the public sector?

The Prime Minister: Let me give the right hon. Gentleman the figures. Since the election, in the private sector there have been 581,000 extra jobs. In the public sector, he is right that we have lost 336,000 jobs, so we need private sector employment to grow even faster. But let me make this point to him, because I think this is important: whoever was in government right now would have to be making reductions in public spending. The only way you can keep people in work in the public sector while doing that is to cut welfare—something we are doing and he opposes—or to freeze public sector pay—something we are doing and he opposes—or to reform public sector pensions—something we are doing and he opposes. So it is all very well standing there and complaining about the rise in unemployment, but if we do not take those steps, we would lose more jobs in the public sector.

Edward Miliband: I think the whole House will have heard that the Prime Minister cannot deny that the central economic claim that he made—that the private sector would fill the gap left by the public sector—has not been met. He has broken his promise, and today's figures also confirm that youth unemployment not only remains over 1 million; it is still rising, and long-term youth unemployment has gone up by 93% since he made his new year pledge on jobs. Is not the reality that he is betraying a whole generation of young people?

The Prime Minister: We will not take lectures from a party that put up youth unemployment by 40%. That is the case—even the right hon. Gentleman's brother admitted the other day that youth unemployment was not a problem invented by this Government; it has been going up since 2004. But let me explain what we are doing to help young people get a job. Through the youth contract we are providing 160,000 new jobs with private sector subsidies. With the 250,000 work experience places, half those people are actually getting jobs and getting off benefit within two months. That is 20 times more effective than the future jobs fund.

But the absolute key to all this is getting our economy moving. We need private sector jobs. It is this Government who have got interest rates down to 2%—that is why we have the prospects of growth—whereas the right hon. Gentleman's plans are for more spending, more borrowing and more debt: more of the mess that we started with.

Edward Miliband: The truth is that the Prime Minister's promises to young people for next year are as worthless as the promises he made in 2011. Let us turn from his broken promise on jobs to his broken promise on the coalition. And Mr Speaker, let me say that it is good to see the Deputy Prime Minister back in the House. This is what the Prime Minister said—*[Interruption.]* Calm down. This is what he said in his new year's message for 2011—and I will place a copy in the Library of the House, just so that everyone can see it:

"Coalition politics is not always straightforward...But I believe, we are bringing in a"

whole

"new style of government."

[HON. MEMBERS: "More! More!"] There is more:

"A more collegiate approach."

I am bound to ask, what has gone wrong?

Hon. Members: Answer!

The Prime Minister: I will answer. No one in this House is going to be surprised that Conservatives and Liberal Democrats do not always agree about Europe, but let me reassure the right hon. Gentleman. He should not believe everything he reads in the papers. It's not that bad—it's not like we're brothers or anything! [HON. MEMBERS: "More! More!"] He certainly walked into that one.

Edward Miliband: I think our sympathy is with the Deputy Prime Minister. His partner goes on a business trip and he is left waiting by the phone, but he hears nothing until a rambling phone call at 4 am confessing to a terrible mistake.

How is the Prime Minister going to pick up the pieces of the bad deal he delivered for Britain? The Council came to conclusions on Friday morning, but the treaty will not be signed until March. In the cold light of day, with other countries—*[Interruption.]*

Mr Speaker: Order. Some very, very foolish person shouted out "Stop". The person who did that will stop, because people in this place must be heard. If there is a Member here who does not think so, I invite that Member to leave the Chamber.

Edward Miliband: In the cold light of day, with other countries spending the weeks and months ahead trying to see whether they can get a better deal for themselves, would not the sensible thing for the Prime Minister to do be to re-enter the negotiations and try to get a better deal for Britain?

The Prime Minister: First, I make no apologies for standing up for Britain. In the past two days we have read a lot about my opinions and we have read a lot about the Deputy Prime Minister's opinions; the one thing we do not know is what the right hon. Gentleman would have done. While he was here on Monday his aides were running around the Press Gallery briefing that he would not have signed up to the treaty. Well, here is another try: what's your answer?

Mr Speaker: I have no answer on this matter whatsoever—*[Interruption.]* Order. I am glad the Minister of State, Department of Health, the right hon. Member for Chelmsford (Mr Burns), has returned from his travels. We wish him a merry Christmas, but in his case it should be a quiet one.

Edward Miliband: There was a better deal for Britain that the Prime Minister should have got, and that is what the Deputy Prime Minister himself says. Here is the truth: last week the Prime Minister made a catastrophic mistake, and this week we discover that unemployment is at its highest level for 17 years. This Prime Minister thinks he is born to rule. The truth is that he is just not very good at it.

The Prime Minister: Even the soundbite was recycled from a previous Prime Minister's Question Time. On Wednesday the answer was no. Today—I think—the answer is maybe. This Leader of the Labour party makes weakness and indecision an art form; that is the fact.

The right hon. Gentleman gave me my end-of-year report; let me give him his. He told us at the start of the year, in his new year's message, that the fightback started in Scotland. Well, that went well, didn't it? He told us that he would have credible plans to cut the deficit, but we still have not seen them. He said that he would stand up to vested interests, yet he backed the biggest strike for years. We all know that he has achieved one thing, though. He has completely united his party. Every single one of them has asked Santa for the same thing: a new leader for Christmas.

Hon. Members: Hear, hear!

Mr Speaker: Order. I am sure Government Back Benchers want to hear their own colleague, Mr Martin Vickers.

Martin Vickers (Cleethorpes) (Con): Thank you, Mr Speaker. Yesterday's announcement about local television was good news for my constituency, where Channel 7, the sole survivor from the original batch, is based. Does the Prime Minister agree that local broadcasting strengthens local communities and advances the big society? If he is in north Lincolnshire in the near future, will he find time to pay Channel 7 a visit?

The Prime Minister: I would be delighted to do that. I do not have any immediate plans to visit north Lincolnshire, but I do support local television. I also think that north Lincolnshire had some very good news with the Siemens plant going into Hull. That is excellent news for the whole region.

Q2. [86404] **Mr David Blunkett** (Sheffield, Brightside and Hillsborough) (Lab): In the early new year the Government intend to announce a wholesale revision of the national curriculum. May I put it to the Prime Minister that it would be perverse—in fact it would be absurd—to require those coming from abroad to settle in Britain to learn about our democracy and to take citizenship courses while withdrawing the teaching of citizenship and democracy to our own children in our schools?

The Prime Minister: I listen very carefully to what the right hon. Gentleman says, because I agree with some of the proposals about citizenship that he put forward when he was Home Secretary. Many Members will have been to the citizenship ceremonies that he was responsible for, which have been a good addition to our country and our democracy. On behalf of the whole House, I pay tribute to him for that. We will look very carefully at what he says about the curriculum, but the key aim has to be to making sure that we teach the basics properly and well, and that we test on those basics, because if someone cannot read and write properly, no lessons in citizenship will mean anything at all.

Justin Tomlinson (North Swindon) (Con): Ninety-one per cent. of people who get into financial difficulty believe they would have avoided doing so had they been better informed. Therefore, ahead of tomorrow's debate on financial education, will the Prime Minister support our calls for compulsory financial education for young people?

The Prime Minister: This very much links with the previous question. I strongly support teaching young children about the importance of financial education, but the point of having a proper review of the curriculum is to make sure that we know what is absolutely essential and core and what can be included as extra lessons.

Q3. [86405] **Yvonne Fovargue** (Makerfield) (Lab): Unemployment is going up and living standards are being squeezed. Many more people are being forced into the hands of the payday lenders and fee-charging debt management companies. Will the Prime Minister act to protect ordinary people who are being preyed on and ripped off?

The Prime Minister: The hon. Lady speaks with great experience, because she worked for Citizens Advice before coming to the House. She stands up for Citizens Advice and is right to do so. All of us know what a brilliant job it does in our constituencies. She will know that the previous Government wrestled with the issue of how best to regulate doorstep lenders and other lenders, and the danger of driving people into the hands of loan sharks if we got rid of the regulated sector. I am very happy to discuss this further with interested colleagues. It is a very difficult subject to get right, but the Government are working at it.

Simon Wright (Norwich South) (LD): Does the Prime Minister share my concern about the impact of pocket-money priced alcohol on the state of our nation's health and antisocial behaviour in our town centres, as well as about the damage it does to our community pubs?

The Prime Minister: The hon. Gentleman makes an extremely important point. There is no doubt in my mind that very low-cost alcohol is part of the problem in our town centres. One of the answers that the Government have already come up with is to ban the deeply discounted selling of alcohol, but we need to look at the broader question of low-cost alcohol. I have noted very carefully the letter in the papers this morning from a whole set of people with great expertise on this, and we are looking carefully at the issue.

Q4. [86406] **Mrs Jenny Chapman** (Darlington) (Lab): This morning we learned that the Teesside airport is up for sale and it seems that, as unemployment is sky-rocketing in the north-east, our planes may be grounded. Is not the loss of infrastructure and jobs in the north-east further evidence that this Government's economic plan is a catastrophic failure?

The Prime Minister: The key thing about the future of Durham Tees Valley airport, which is a vital airport, is not necessarily who owns it but whether it is being invested in and expanded. Is it working well? That is the key question, and that is the question that I know my right hon. Friend the Transport Secretary is looking at carefully.

Q5. [86407] **Sheryll Murray** (South East Cornwall) (Con): Has the Prime Minister seen the OECD and National Institute of Economic and Social Research findings this week, which show that soaring immigration was caused not by the prospect of prosperity but by the open-door policies of the previous Government—and will he prevent that from happening again?

The Prime Minister: My hon. Friend is absolutely right. The report said specifically that

"the increase in net immigration to the UK was not driven primarily by the economic performance of the UK or other countries."

Instead, the report points to immigration policy. The fact is that the previous Government quadrupled immigration and let an extra 2.2 million people into the country. The answer is to deal with the bogus colleges, and we are doing that; to put a limit on economic migration from outside the EU, and we are doing that; and to have proper border controls and a border police command, and we are doing that as well.

Q6. [86408] **John Robertson** (Glasgow North West) (Lab): The autumn statement saw 400,000 Scottish children lose more than £40 million as a result of changes in the tax system. In my constituency that meant that £600,000 was taken from children. Why is the Prime Minister taking money out of children's pockets, while allowing it to remain in the pockets of bankers?

The Prime Minister: I am afraid the hon. Gentleman is just plain wrong: the child tax credit is going up by £135. He talks about the bankers, but it is this Government

who have put in place a bank levy that will raise more every year than Labour's one-off bonus tax raised in one year.

Q7. [86409] **Julian Sturdy** (York Outer) (Con): As a York MP, I am extremely proud of our city's vibrant tourism sector. Does my right hon. Friend agree that tourism plays a key role in our local economies? Will he ensure that northern tourist attractions in particular are promoted in the run-up to the Olympic games?

The Prime Minister: My hon. Friend makes an important point. Millions of people will be coming to this country for the Olympic games. We need to encourage them not just to go to the Olympic games, but to visit other parts of the country and to return to Britain for a subsequent visit. We will be running all sorts of promotions and schemes to encourage that. If we could encourage people more generally to visit other places as well as London—York has many great tourist attractions and things of historical importance to see—we would drive a huge amount of jobs and growth in our regions.

Rushanara Ali (Bethnal Green and Bow) (Lab): On 16 December Bangladesh will mark its 40th anniversary as an independent nation, following a war that cost 3 million lives. I want to pay tribute to the contribution made by this Parliament in supporting the people in their fight for liberty and self-determination. As Bangladesh is the country that is the second most vulnerable to climate change, with an estimated 15 million to 20 million people likely to be affected in the coming decades, does the Prime Minister agree that it is now more important than ever to support developing countries against the devastating effects of climate change?

The Prime Minister: I absolutely agree with the hon. Lady. The whole House should recognise what she has done in raising the issue at this time, as Bangladesh approaches this important anniversary. Britain can be proud of the fact that we have very good relations with Bangladesh, and our aid programme in Bangladesh is now of the leading ones from anywhere in the world into that country. We are spending specific money on helping the Bangladeshis with climate change, meeting all the promises that we made. I have met the Prime Minister of Bangladesh. One of the issues that we do have to raise, though, is that there are human rights issues in Bangladesh, and we should not be scared of raising them with the authorities in the proper way.

Q8. [86410] **Mr Philip Hollobone** (Kettering) (Con): An EU-wide agreement on prisoner transfers comes into force this month, which will enable the UK to repatriate to jails in their own country any EU nationals imprisoned here. Given that some 13% of our prison population is made up of foreign nationals, will the Prime Minister ensure that our EU partners stick to these new rules and take their criminals back?

The Prime Minister: If my hon. Friend, with his strong views, is asking a question about a successful EU scheme, it really must be Christmas, so his question is very welcome. He is absolutely right: 13% of our prison spaces are taken up by foreign nationals. That is hugely expensive, and the EU-wide agreement gives us a great opportunity to return people to their national prisons and save money at the same time.

Mr Bob Ainsworth (Coventry North East) (Lab): Is freezing the pay of young privates and corporals while they are fighting in Afghanistan, without reference to the Armed Forces Pay Review Body, a breach of the military covenant?

The Prime Minister: It is this Government who doubled the operational allowance, which is the best way to get money to the privates and the corporals in Afghanistan who are doing such a good job. The operational allowance, being a flat cash sum, is of disproportionate benefit to relatively low-paid people in the armed forces, whereas obviously a percentage increase would mean more money for the generals, the colonels and the brigadiers, rather than for the people on the front line. Looking at the operational allowance is crucial, but this Government have not just done that. We have extended the pupil premium to forces children, we have increased the council tax rebates for those who are serving, and for the first time we have written the military covenant into the law of our land.

Q9. [86411] **Chris Kelly** (Dudley South) (Con): I commend my right hon. Friend for protecting our national interest by exercising the veto last Friday. The people of Dudley South thank him for it. The deal that he vetoed commits eurozone members to restricting structural deficits to below 0.5% of GDP. Did the Prime Minister appreciate that this is 16 times the UK structural deficit left by Labour?

The Prime Minister: My hon. Friend makes a good point, which is perhaps why the leader of the Labour party is struggling so much to tell us what his view is on the proposed treaty. On one hand he wants to join the euro, if he is Prime Minister for long enough, and on the other hand he wants to sign a treaty—*[Interruption.]* That is rubbish? He does not want to be Prime Minister for long enough! He wants to join the euro, he wants a deal with very tough budget deficit limits, and he wants to increase spending, borrowing and debt. He tells us that he has a five-point plan, and I can sum it up in five words: "Let us bankrupt Britain again."

Q10. [86412] **Thomas Docherty** (Dunfermline and West Fife) (Lab): Perhaps the Prime Minister could tell us why the Deputy Prime Minister did not support his position on Europe on Monday, and why not one single Liberal Democrat MP voted with the Prime Minister last night.

The Prime Minister: Last night there was something of a parliamentary rarity: a motion tabled by an opposition party praising the Prime Minister. I am very grateful to colleagues in the Democratic Unionist party. I suspect that many people concluded that Labour simply would not get its act together and did not think that it was worth voting, and as a result we won very easily.

Richard Drax (South Dorset) (Con): I am sure that the whole House will join me in thanking a remarkable man who has served this country and this place with courage and distinction for nearly 50 years. Eddie McKay, who is in the Gallery right now, has been a Doorkeeper here for 23 years and retires on Tuesday. Before coming to this place he served with distinction with the Scots Guards, leaving after 23 years of service as a senior

warrant officer. In the Household Division, you are not promoted to drill sergeant unless you are exceptional. He saw action on Tumbledown mountain during the Falklands war in 1982. His company, G company, 2nd Battalion Scots Guards, led that successful and audacious night assault. May I ask the Prime Minister, on behalf of us all, to wish Drill Sergeant Eddie McKay a happy retirement and a happy Christmas?

The Prime Minister: I thank my hon. Friend for raising this issue and, on behalf of the whole House, very much thank Eddie for his incredible service. I think that in this House we sometimes take for granted the people who work so hard to keep it working and keep it going, and I sometimes wonder what they think of all the antics we get up to in this House. We are incredibly grateful that he, after the incredible service he gave our nation, came here and worked so hard for so many years. We are all in his debt, and send him good wishes for his retirement.

Q11. [86413] **Mr Kevin Barron** (Rother Valley) (Lab): Youth unemployment figures published this morning show that in the last quarter, 22% of 16 to 24-year-old economically active citizens are unemployed—an increase of 1.2% on the previous quarter. The Prime Minister ranted earlier in Question Time about what the Government are doing about youth unemployment in this country. Can he tell us why it is increasing?

The Prime Minister: Every increase in youth unemployment is unacceptable—*[Interruption.]* I will tell the House exactly what is happening. The number of 16 to 18-year-old young people not in employment, education or training is actually going down, but the problem, as the hon. Gentleman rightly says, is that 18 to 24-year-olds are finding the job market extremely difficult. [Hon. Members: "Why?"] The reason why unemployment is going up is that we are losing jobs in the public sector and not growing them fast enough in the private sector, so we need to do everything we can to get our economy moving. The absolute key to that is keeping our interest rates low. We now have interest rates down to 2%. If we followed his party's policy of extra spending, extra borrowing and extra debt, interest rates would go up, more businesses would go under and we would not get our economy moving.

Q12. [86414] **George Eustice** (Camborne and Redruth) (Con): Many Members will have encountered examples of banks using the threat of receivership to extract new charges and higher interest rates from their business customers. Does the Prime Minister agree that it is wrong for banks to use what is effectively an extortionate bargaining position in this way, and will he agree to meet me to discuss some of the proposals I have outlined to limit the power of receivers and require banks to obtain a possession order before selling up small businesses?

The Prime Minister: I am very happy to meet my hon. Friend about this issue. It is vital that we not only get our banks lending properly, and lending to small businesses, but ensure that they behave in an ethical and proper way as they do so. We are addressing the first issue—the quantity of lending—through the national loan guarantee scheme and the other credit-easing measures that the Chancellor set out in the autumn statement, but we also need to ensure that the practices that the banks follow are fair, and seen to be fair. They have an interest in making sure that small businesses are in good health, and they need to follow those sorts of procedures to ensure that that happens.

Q13. [86415] **Mr Russell Brown** (Dumfries and Galloway) (Lab): Youth unemployment in Dumfries and Galloway has risen by 65% over the past 12 months, and with the British Retail Consortium indicating that almost one in three jobs there are filled by under-25s, does the Prime Minister recognise that the predicted squeeze on the retail sector will only increase the chances of youth unemployment increasing across the entire country?

The Prime Minister: The thing that would put the biggest squeeze on the retail sector is interest rates going up. Just one percentage point increase in interest rates would see the typical family lose £1,000 a year through extra mortgage payments. Everybody knows we are in a difficult economic situation and we have to take difficult decisions, as there is effectively a freeze across the eurozone, but the most important thing is to keep those interest rates low, so that people have money in their pockets and we can see some good retail recovery.

Q14. [86416] **David Rutley** (Macclesfield) (Con): East Cheshire hospice and many other hospices across the country run Christmas tree collection services that help many families to recycle their Christmas trees in an environmentally sensitive way. Will the Prime Minister join me in this festive season in supporting the great work that such charities do in collecting trees to raise hundreds of thousands of pounds for the important work of our hospices?

The Prime Minister: I certainly join my hon. Friend, at this time of year, particularly, in praising the amazing work that hospices do. Many hospices do not receive a huge amount of Government funding, and they have to be very ingenious about how they raise money from people up and down the country. Collecting and recycling Christmas trees so that we do not just leave them outside the house but do this thing properly is an excellent idea. I am sure that the whole House will want to join me in praising the work that hospices do, particularly at Christmas time.

Q15. [86417] **John Cryer** (Leyton and Wanstead) (Lab): For the past 18 months the Prime Minister has been promising legislation to create a register of lobbyists, but nothing has happened so far. Will he give us a publication date for a consultation paper leading to legislation—or could he take on my ten-minute rule Bill, which is already published? I am a generous sort of bloke, so he can have it now and get it on to the statute book.

The Prime Minister: I am a generous sort of bloke too, so I can tell the hon. Gentleman that the lobbying proposals will be published within the next month—so this Government will have moved faster in 18 months than the previous Government did in 13 years.

Mr Adrian Sanders (Torbay) (LD): The Prime Minister will have seen the news this morning of the study on the excess deaths of people with diabetes—unnecessary deaths, if the condition is treated correctly. The national

service framework for diabetes comes to an end in 2013. Will the Prime Minister look at NSFs as a way of meeting the challenges in the health service and the health service budget, and helping people with diabetes?

The Prime Minister: I am very happy to look at the national service frameworks, as the hon. Gentleman suggests. The key issue with diabetes is that we need to raise the profile of the condition, because many people have it and do not know they have it—but also to look at the public health issues, because the explosion in diabetes is partly due to bad diet and obesity in childhood. We need to address those issues; otherwise we are always going to be dealing with the disease rather than trying to prevent it.

Several hon. Members *rose—*

Mr Speaker: I am in a generous mood too, and it is always a delight to listen to my colleagues, so we will have a little more.

Mrs Anne McGuire (Stirling) (Lab): Earlier this week in the other place, the coalition Government voted down, by a majority of two, a proposal to protect the benefits of disabled children. Is reducing benefits for disabled children by over £1,300 a year something that reflects the Prime Minister's often repeated mantra that we are all in this together?

The Prime Minister: First of all, we are not cutting benefits for disabled children. Actually, we are uprating all those benefits by 5.2%, so people will see an increase in the benefits that they receive next year.

Mr Speaker: Last, but never forgotten, Mr Brian Binley.

Mr Brian Binley (Northampton South) (Con): The Prime Minister will be aware that capacity levels on the west coast main line are intolerable and getting worse. Does he share the concerns of rail users that delays to High Speed 2 will only make their journeys more unpleasant? Will he provide the assurance that they seek about the future that he promised them?

The Prime Minister: I am grateful to my hon. Friend for raising that question. Clearly the country has a choice. Because the west coast main line is as congested as it is, we need to replace it with either a traditional line or a high-speed line. It is well known that the Government's view is that a high-speed line is the right answer. That is why the consultation has been conducted. Not only will it be good for people who use the west coast main line; it will be a successful regional policy that will link up our great cities, shrink the size of our country and ensure that all parts of the country can enjoy economic prosperity and growth.

Mr Speaker: I appeal to right hon. and hon. Members who are leaving the Chamber to do so quickly and quietly so that we can all listen attentively to the Secretary of State for Environment, Food and Rural Affairs—preferably facing the House or the Chair.

Bovine TB

12.35 pm

The Secretary of State for Environment, Food and Rural Affairs (Mrs Caroline Spelman): Today I am setting out the next stage in the bovine tuberculosis eradication programme for England.

Bovine TB continues to be a major problem in England. In 2010, nearly 25,000 cattle were slaughtered in England and the cost to the taxpayer is set to top £1 billion over the next 10 years. The problem is particularly bad in the west and south-west of England, where 23% of cattle farms were unable to move stock off their premises at some point in 2010 due to their being affected by the disease, causing much distress and hardship.

As I explained in my statement in July, cattle measures, including routine testing and surveillance, pre-movement testing, movement restrictions, and the removal and slaughter of infected animals, remain the foundation of our TB eradication programme. We have already strengthened cattle controls and will continue to do so. The Government are working in partnership with the farming industry and the veterinary profession to further promote good biosecurity and to provide advice and support to farmers. We also intend to invest a further £20 million over the next five years to develop effective cattle and oral badger vaccines as quickly as possible.

We know that to tackle this disease we need to look at each and every transmission route, and that includes transmission from badgers to cattle. Ultimately, we want to be able to vaccinate cattle and badgers, but there are practical difficulties with the injectable badger vaccine, which is currently the only available option. Badgers have to be trapped and caged in order to administer it. As I told the House in July, we are working hard to develop a cattle vaccine and an oral badger vaccine, but usable and approved vaccines are still years away and we cannot say with any certainty when they will be ready. In the meantime, we cannot just do nothing.

This terrible disease is getting worse and we have to deal with the devastating impact it has on farmers and rural communities. It is difficult to quantify or put a monetary value on that, but a report by the Farm Crisis Network describes the feelings of panic, stress and emotional devastation for farming families as they repeatedly have to send their cows to be slaughtered.

I think that we would all agree that we need to stop the disease spreading further, bring it under control and ultimately eradicate it. Evidence tells us that unless we tackle the disease in badgers, we will never eradicate it in cattle. No country in the world that has TB in its wildlife has been able to eradicate it in cattle without addressing it in the wildlife population. In July, I set out revised proposals for controlling the disease in the badger population. In order to reduce TB in cattle in the worst affected areas we proposed to allow a controlled reduction carried out by groups of farmers and landowners, as part of a science-led and carefully managed policy of badger control. The policy would be piloted in two areas in the first year.

Following the responses to the consultation that we launched in July on draft guidance to Natural England, the policy has been further refined. I am now in a position to announce that we will go ahead with a pilot of the policy in two areas next year, to confirm our assumptions about the effectiveness, humaneness and safety of controlled shooting. An independent panel of experts will oversee and evaluate the pilots and report back to the Government, and we will then decide whether the policy should be rolled out more widely.

This has not been an easy decision to make, and it is not one that I have taken lightly. I have personally considered all the options and evidence, and at present there is no satisfactory alternative. Today, I am publishing a detailed policy document, copies of which will be available in the Vote Office after the statement. We need to strike a balance between taking the actions needed to control and eradicate the disease, maintaining a viable cattle industry and using our resources in the most effective and efficient way possible.

Badger control licences will be issued by Natural England under the Protection of Badgers Act 1992, to enable groups of farmers and landowners in the worst-affected areas to reduce badger populations at their own expense. Guidance to Natural England sets out strict criteria that applicants for a licence will have to meet to ensure that the pilots are carried out safely, effectively and humanely.

Scientists agree that if culling is conducted in line with the strict criteria identified through the randomised badger culling trial, we can expect it to reduce TB in cattle over a 150 sq km area, plus a 2 km surrounding ring, by an average of 16% over nine years relative to a similar unculled area.

Licences granted by Natural England will be subject to strict conditions based on evidence from the randomised badger culling trial, which are designed to ensure that the result is an overall decrease in the disease in the areas where culling takes place. Applications for licences will be considered only for an area of at least 150 sq km over a minimum of four years, and with the pilots to be conducted by trained and proficient operators. Groups of farmers will have to take reasonable measures to identify barriers and buffers at the edge of culling areas such as rivers, coastlines and motorways, or areas where there are no cattle or where vaccination of badgers occurs, to minimise the perturbation effect in places where disturbing the badger population could cause an increase in TB in cattle in the surrounding area.

The Department has assessed the known and estimated effects of badger culling and vaccination, and its veterinary and scientific advice is that culling in high TB incidence areas, carried out in line with the licence criteria, will reduce the number of infected badgers, and thus the weight of TB infection in badger populations in the treatment area, more quickly than vaccination. It will therefore have a greater and more immediate beneficial impact on the spread of TB to cattle and the incidence of infection in cattle.

Nevertheless, we still see a useful role for vaccination, particularly in the future, and I have listened carefully to the views of groups that would like to help develop a vaccination programme. To support and encourage vaccination, DEFRA will make available up to £250,000 in each of the next three years to help meet the costs of badger vaccination in accordance with a badger control plan, with priority given to areas where culling is licensed. We will also support staff or volunteers of voluntary sector organisations wishing to train to carry out vaccination.

I look to the farming industry to show that it takes its responsibility very seriously and that it is committed to delivering the programme effectively, safely and humanely. That will be carefully monitored in the pilots, and on an ongoing basis if the policy is rolled out more widely.

To select the pilot areas, I will invite the farming industry to bring forward a shortlist of areas, from which DEFRA will select two. Those two areas will then be invited to apply for a culling licence. Natural England will assess the applications against the licence criteria and decide whether to grant them a licence.

After the conclusion of the six-week pilots, from what we observe and learn, and taking into account the evaluation by the independent panel, we will take a decision on whether to roll out the policy more widely. Following the pilots, if we decide to proceed with a wider roll-out, a maximum of 10 licences will be granted to start each year.

Ensuring public safety is a key concern. In finalising the policy, we have worked closely with the Home Office and the Association of Chief Police Officers to scope out the role of the police in supporting those licensed operations.

I know that there is great strength of feeling on the issue, but I also know that we need to take action now before the TB situation deteriorates even further. We need to tackle TB from all angles, using all the available tools. I am acutely aware that many people oppose badger culling and I wish that there was a current satisfactory alternative. However, we cannot escape the fact that the evidence supports the case for a controlled reduction of the badger population in the areas worst affected by bovine TB. The impact of that terrible disease shows us that we need to act now. We cannot keep delaying.

In making the decision, I have considered all the evidence and have listened to the full range of views. Having listened to all sides of the debate, I believe that this is the right approach.

Mary Creagh (Wakefield) (Lab): We recognise that bovine TB is a devastating disease—that is why the Labour Government spent £50 million on randomised badger culling trials. Any decision on a badger cull must answer four key questions. Is it science-led? Is it cost effective? Is it humane? Crucially, will it work?

The independent scientific group on cattle TB, which reported on Labour's trial culls, stated:

> "After careful consideration of all the RBCT and other data presented in this report... we conclude that badger culling cannot meaningfully contribute to the future control of cattle TB in Britain."

The Secretary of State quotes scientists who told the Government that TB in cattle will be cut by 16% over nine years if the cull is carried out by trapping and then shooting the animals. However, her culls will not be carried out in that way. They will depend on farmers hiring people to free-shoot badgers at night—a method that has never been scientifically assessed as a way of controlling bovine TB.

Perturbation occurred in the first three years of Labour's trial culls when badgers were humanely captured. What scientific advice has the Secretary of State sought or received on the likelihood of free shooting increasing the perturbation effect, which will reduce that 16% net figure still further?

Is the cull cost-effective? The right hon. Lady's statement was curiously silent on the costs to farmers, yet DEFRA estimates that it will cost farmers £1.4 million per cull area. Farmers will need to prove they have the funds to complete the cull in the event that one pulls out or sells up. How will she access those funds in the event of a default? Who will access those funds, and on what basis? How will the money be held—in an escrow account or in joint names? How will liability be shared between farmers?

What guarantees can the Secretary of State offer taxpayers that the costs of completing a four-year cull will not fall on them in the event of those indemnities disappearing or becoming the subject of protracted legal wrangling? How many staff will the right hon. Lady need to issue those cull licences? What is the cost to the taxpayer of hiring those extra staff at Natural England, a body that has shed nearly 500 staff since her disastrous settlement in the comprehensive spending review?

We know that the Home Secretary has warned the Secretary of State against proceeding with the cull. Will she confirm that the culls will not start until the Olympic games are over? Will she confirm today that trained firearms police will be needed to police any public protests against the culls?

In the Secretary of State's 2010 consultation, she estimated the costs to the police at £200,000, yet today's report has revised those costs up to £2 million per cull area. If 10 cull areas are licensed every year, that is a compound cost of £20 million a year to the police. Will she confirm that DEFRA will meet those costs in full? If so, from which budget, given that the Department has had a 30% cut? How will local police forces access those funds?

In written answers to me, the right hon. Lady estimates that the cull will save the taxpayer £2.9 million in each cull area over 10 years. With 10 cull areas set to go ahead from 2013, that is a saving of £2.9 million a year, which is just 3% of the £85 million cost of testing and compensation to farmers. Will she therefore confirm that the costs of bovine TB will continue to be borne by the taxpayer?

The third question the Secretary of State must answer is this: is her cull humane? In 2010, 48 people were prosecuted for offences against badgers and 29 were found guilty. The police wildlife crime unit is concerned that illegal badger persecution will be carried out under the pretext of culling. Who will monitor cull licences and how will the conditions of the licence be monitored? She mentioned a six-week cull period, but how can she ensure that farmers will not go beyond that?

Between 60,000 and 120,000 badgers will be killed over a four-year period depending on the number and size of cull areas, yet in the Secretary of State's statement, she curiously failed to mention the new national badger count announced this week, which will cost £871,000. Surely she should have commissioned that survey before announcing her pilot culls. How can we measure the impact of a cull on the badger population when we have no scientific baseline? What measures is she taking to prevent the extinction of badger populations in cull

[Mary Creagh]

areas, and how will she ensure we remain in compliance of our international obligations under the Bern convention?

Finally, will it work? The scientific group warned that

"several culling approaches may make matters worse".

Is not the Secretary of State in danger of sleepwalking into a disaster by licensing badger culls, the method of which is unproven and untested, and which could make things worse? The Government have constructed the ultimate game theory test for farmers in TB-hit areas: join in the cull or face increased TB in the herd from badger perturbation. How will the views of farmers and landowners in areas affected by perturbation be collected and considered? What happens to farmers who do not wish a cull to proceed on their land? How will the Secretary of State ensure the health and safety of the people carrying out the cull and disposing of infected carcases, the police firearms officers policing the cull and the protesters who will undoubtedly turn up at cull sites?

Today's announcement is bad news for wildlife, bad news for farmers and bad news for the taxpayer. The cull will not be cost-effective or humane and it will not work. In "Yes, Minister", Jim Hacker said: "Something must be done. This is something. Therefore we must do it." Today the Secretary of State has turned her back on the scientific advice. Page 11 of her own document states:

"It is a matter of judgement, not science, whether the farming industry can deliver an effective, coordinated and sustained cull."

I hope she has got everything crossed.

Mrs Spelman: The hon. Lady asked a lot of questions so I will answer them as quickly as I can. First, I should point out that this is a science-led approach to the pilots and that when in office the previous Labour Government spent £50 million on trials. The science is important and this Government have responded to what was learned from those trials. We learned that culling could be more effective if the boundaries of the control area were firm ones, to reduce the perturbation effect. In addition, the ground she cited—she said that the cost would be prohibitive—overlooks that fact that the farmers have agreed to pay. I encourage the shadow Secretary of State to look at the long tail from that trial. Five and a half years after the analysis, the trial continues to provide a benefit in reduced TB incidence in those areas.

The method to which the hon. Lady referred—controlled shooting—is commonly used to control other wildlife populations, such as deer, foxes and rabbits. We therefore have reasonable confidence in our assumption that the method will be both effective and humane in relation to badgers, but, to be absolutely clear, those who undertake the culling will be required to have deer-stalking level 1 proficiency or equivalent, and they will be required to undertake an additional course to ensure that they understand badger physiognomy.

On cost-effectiveness, in the end, it is up to farmers to choose whether or not to be part of a controlled reduction of badgers in their area, but the Government make a requirement that groups of farmers form a limited company that puts aside in a bank account the four-year cost of the culling programme plus a 25% contingency, which deals with the hon. Lady's point about the contingency cost.

Natural England's existing staff will contribute to the programme. The overall cost to the Government of £6.22 million over 10 years must be seen in comparison with the overall cost of the unchecked progress of the disease, which will be £1 billion a year or more to the taxpayer over the next 10 years. The costs need to be seen in the context of the overall burden on the taxpayer.

I have had helpful and constructive conversations with the Association of Chief Police Officers, but it is up to the police to deal with the precise operational details of ensuring public safety throughout the pilot process. We should not simply extrapolate an estimated cost from the pilots, as, I am afraid, the hon. Lady just did. Part of the point of the pilots is to establish more precisely what the exact cost will be. I have agreed with the Home Office to share those policing costs in so far as additional and reasonable costs are incurred.

On humaneness, we can be assured that Natural England will monitor the cull licences very carefully. If any farmers should be so minded to exceed the six-week period, they would obviously lose their licence. I do not believe, therefore, that that will happen.

It is important to remember that the species is protected but not endangered. The last time the population was surveyed—in the 1990s—there were between 250,000 and 300,000 badgers in Great Britain. Of course, the previous Labour Government had ample opportunity to launch a survey if they had wanted to, but this Government have seen fit to do so. That is important in ascertaining the population in the controlled areas. We have satisfied ourselves that the Bern convention would not be breached by the policy that I have proposed.

Finally, I agree with the hon. Lady on this point. She said that a matter of judgment and not the science alone drives this decision. If the previous Government had exercised their judgment and acted when they had the chance, the disease, and the cost of dealing with it, would not have escalated to the point it has reached today.

Miss Anne McIntosh (Thirsk and Malton) (Con): Farmers and wildlife conservation groups will welcome the statement. The badger population must be controlled. Any constituency that produces so many cattle, including mine, lives in fear of one rogue animal entering the chain.

Will the Secretary of State address what the position will be when we have a vaccine in place, given that the meat of vaccinated cattle will not be allowed into the food chain? We have the time to address that. Will she bear in mind the conclusions of the Select Committee on Environment, Food and Rural Affairs report adopted in the previous Parliament, by which current members of the Committee stand?

Mrs Spelman: My hon. Friend is singularly well qualified with her experience in the European Parliament to know how difficult it is to get the law changed there. It is currently illegal to vaccinate cattle and to sell or export that meat. We would have to get the 26 other member states to agree to a change in the law. We must accept that that would take many years.

Mr Ben Bradshaw (Exeter) (Lab): Will the Secretary of State be clear with the House about what level of mortality she expects shooting to achieve, because the very clear advice that we received over many years as Ministers was that shooting would not achieve a level of mortality high enough to make any difference to the disease at all? She is allowing only a very short six-week period for the pilots, which cannot be credible.

Mrs Spelman: The science determines the level of mortality that must be achieved for the controlled reduction to be effective, and a 70% reduction in the badger population is what the RBCT trial showed had to be achieved. One key point of the six-week pilot is to confirm our assumption that controlled shooting will achieve that level of reduction in the badger population.

Andrew George (St Ives) (LD): My right hon. Friend is absolutely right to say that this is a devastating disease. We must hope that this policy will help and not make the situation worse. In the implementation of the culling policy, how will she ensure that there is a proper and rigorous estimate of the badger population and also that there is a proper count of those badgers that are culled within the area and not outside it?

Mrs Spelman: I commiserate with my hon. Friend because his part of the country has been the most badly affected by this terrible disease. Natural England will carry out a survey of the badger population before any culling takes place and will also check that the percentage of badgers culled fits the criteria set out in the pilot.

Paul Flynn (Newport West) (Lab): Should not the clarion call go out from this House today to all the right-thinking, compassionate people in this country to frustrate this cruel and unnecessary slaughter of animals? Is it not right that this has been founded on greed and bad science by the nasty party?

Mrs Spelman: I hope that an hon. Member is not calling on the public to break the law; that would be very unwise.

Sarah Newton (Truro and Falmouth) (Con): The compassionate people in my constituency will very much welcome the great thought, care, attention and bravery of the Secretary of State and her team in tackling this issue. I particularly welcome the investment by the Government in the voluntary trials for vaccination. Perhaps the Secretary of State could give us a bit more information about them, because, ultimately, those trials are what we all want to see.

Mrs Spelman: As I have said, this is a difficult decision and it is not one that I have found easy to make. Having spoken and listened to all the stakeholders involved, I understand that the cost of training someone to take part in the vaccination programme is significant, so I hope that with the money that I have announced today, we will be able at least to halve the cost of that training.

Caroline Lucas (Brighton, Pavilion) (Green): Rather than pursuing this cruel and counter-productive cull, what consideration did the Secretary of State give to reducing the trend towards increasing intensive dairy farming? Around 80% of bovine TB transmission is thought to be caused cattle to cattle and that happens far more easily in crowded conditions.

Mrs Spelman: I am sorry to say that the hon. Lady is misguided in thinking that there is a link between the intensification of dairy farming and the incidence of TB in cattle. There is no evidence of that.

Mr James Gray (North Wiltshire) (Con): Farmers across North Wiltshire, many of whom have been devastated by TB and have lost their herd some two or three times, will very much welcome the Secretary of State's announcement today and will hope to be a part of the first 10, or even first two, trials. However, is she not concerned about the talk from Opposition Members about the security surrounding the cull? Is there not a risk that people will be enjoined by them and others to break the law in a way that was suggested by the hon. Member for Newport West (Paul Flynn)? Will she take steps to ensure that the precise location of the cull is not in the public domain so that such actions can be avoided?

Mrs Spelman: I have had very careful conversations with the Home Secretary and with the Association of Chief Police Officers regarding security. Like members of the public, people who are licensed to undertake a cull have every right to expect their safety to be protected. Careful analysis has been undertaken by the police and I respect their expertise and thank them for their assistance.

Kerry McCarthy (Bristol East) (Lab): Let me follow on from the question of the hon. Member for Brighton, Pavilion (Caroline Lucas). There is nothing in this statement about dealing with the problem of cattle-to-cattle transmission. All the evidence shows that that is a significant factor in spreading bovine TB. What does the Secretary of State plan to do about that? It seems that the only solution on offer is shooting badgers.

Paul Flynn: But the alternative would upset the farmers.

Kerry McCarthy: Exactly.

Mrs Spelman: I refer the hon. Lady to the statement that I made in July, setting out the other important elements of the bovine TB package, of which controlled reduction of the badger population is just one part. We have strengthened measures on controlling the movement of cattle and expanded the areas for the testing of cattle. I know that that was very much wanted by the industry. As a west midlands MP, my farmers came to me and said that they would prefer to be part of the annual testing because they want to know more frequently whether their cattle are clear. In my July statement, all those strict measures were cited.

Dr Sarah Wollaston (Totnes) (Con): The year after Labour came to power, fewer than 600 cattle were slaughtered in Devon. This year, we are well on course for more than 6,000 to be slaughtered. Bovine TB is spreading remorselessly across the UK and many areas of the country will no longer be disease free unless we take action, so I welcome the Secretary of State's statement today. However, does she not share the concerns of farmers in my constituency who feel that they could be targeted by violent activists? Will she assure them that those who carry out this very difficult task will have their anonymity protected?

Mrs Spelman: The whole House respects my hon. Friend's medical expertise, and she is right to point out that the disease has spread—it has spread from the south-west to the midlands. That fact demonstrates that doing nothing is not an option. As for her important point about personal information, I can assure her that, in the interests of personal security, personal information will be kept confidential.

Ian Paisley (North Antrim) (DUP): I should declare that I am a member of the British Veterinary Association, which I know will welcome the right decision at the right time under the right circumstances following the right evidence to get the right conclusions. I welcome the Secretary of State's statement and the fact that her Department has stuck to its guns on this issue. It is important that we reach a solution. I welcome the conclusion of the report that the reduction of the incidence of TB in cattle will be achieved if we follow this licensing procedure. I hope that the Secretary of State will ring the Ministers in the devolved regions and encourage them to follow these actions. We need to put in place a scheme such as this in Northern Ireland.

Mrs Spelman: I assure the hon. Gentleman that we are in close contact with other devolved Ministers. We should of course remember that Scotland is TB-free and would like to remain so. I hope that our policy will give it some comfort in that matter. I have taken the veterinary advice very seriously. It is the vets who point out that no programme of eradicating TB anywhere in the world has been successful without tackling the reservoir infection in the wildlife.

Sheryll Murray (South East Cornwall) (Con): I know that farmers in South East Cornwall will welcome this news. Alpaca farmers will welcome it, too. Is the Secretary of State aware that bovine TB has been affecting alpaca herds as well as cattle herds?

Mrs Spelman: Sadly, there is no satisfactory test for TB in camelids, which includes alpacas, and that is a source of considerable concern. We will continue to work on that. Alpacas are included in our programme of trying to manage and control this disease.

Sheila Gilmore (Edinburgh East) (Lab): No one is suggesting that bovine TB is not a problem. However, why does the Secretary of State believe that what she proposes will work given the scientific conclusions of a 10-year pilot by the previous Government?

Mrs Spelman: When a programme of badger control was part of the original randomised badger culling trial, the science showed a clear reduction within the controlled area, and an impact on the edge of the area. We have proposed to build on that science base and grant licences to areas with more firmly controlled boundaries to reduce the perturbation effect. It is indisputable that the original trial saw, on average, a 16% reduction in the incidence of TB in cattle herds.

Dan Rogerson (North Cornwall) (LD): The Secretary of State has quite rightly set out the sad decision that has had to be taken on this issue. She has also made it clear that the decision is based on the scientific evidence that was provided by the trials. Ongoing monitoring has shown there to be a lasting effect and that perturbation is only temporary. None the less, there will be those who, understandably, will have an emotional response to this issue. They may be inflamed by people in this House and elsewhere who are somewhat removed from the problem. Will she undertake to carry out as much publicity as she can and to work with organisations such as the British Veterinary Association to make the case for those who have an instinctive response and have not had the opportunity to consider the issues?

Mrs Spelman: The hon. Gentleman makes an important point. I understand that this issue excites strong emotions, but for those who feel strongly about it I point to the Farm Crisis Network report, which shows the devastating emotional cost to the farmers who lose their cattle. It is probably right at this point to pay tribute to the work done by Adam Henson and "Countryfile" to make members of the public more aware of the cost to farmers of the slaughter of their animals as well as of the impact on wildlife.

Hywel Williams (Arfon) (PC): The Secretary of State will know that the previous Welsh Government had intended a cull but the current Welsh Government appear to have had a change of mind. Has she discussed the reasons behind that change of mind with the Welsh Government? Furthermore, will she discuss the contents of her statement with the Welsh Government, given the substantial trade in cattle between England and Wales?

Mrs Spelman: Yes, I can give that assurance to the hon. Gentleman. The Minister of State is in regular contact with the Agriculture Minister. We meet regularly at Agriculture and Fisheries Council meetings that I invite the devolved Ministers to attend and at which we have ample opportunity regularly to share our approach to the control of TB. I shall have that opportunity at the Agriculture and Fisheries Council tomorrow.

Neil Parish (Tiverton and Honiton) (Con): May I welcome the Secretary of State's statement, which is absolutely right for the farmers in my constituency whose cattle have suffered from this disease for many years? You have made the right decisions. If you tackle the disease in the wildlife, you stop it reinfecting the cattle every year, which is what has been happening for years. I thank you very much for acting on that. The only way they tackled the disease in New Zealand and Australia was by tackling it in wildlife.

Mr Speaker: I am most grateful for the hon. Gentleman's gratitude, but I think he will intend me to redirect it to the Secretary of State.

Mrs Spelman: My hon. Friend makes a very important point. In New Zealand, the incidence of the disease in possums had to be tackled; in Australia, it had to be tackled among wild buffalo; and in Ireland, it was tackled in the badger population. No part of the world has successfully tackled TB in its cattle population without addressing the reservoir of disease in wildlife.

Nic Dakin (Scunthorpe) (Lab): The wildlife trusts have said that the scientific evidence does not support the culling of badgers and could even make matters worse by disturbing the remaining badgers, spreading

the disease further. How will the Secretary of State ensure that these short six-week pilots get the evidence base to demonstrate whether the wildlife trusts are right or wrong in their suppositions?

Mrs Spelman: I really must nail this point about the science. The science shows that if the badger population is reduced by 70%, TB incidence is reduced by 16%. That is what the original trial shows and we cannot get away from those facts. The judgment is whether the proposed method of controlled shooting will achieve that and that is the point of piloting it.

John Glen (Salisbury) (Con): The farmers of south Wiltshire and around Salisbury will warmly welcome today's announcements. Will the Secretary of State confirm that these new provisions will be kept under review to ensure that they are successful in tackling this terrible disease? If they are seen to be successful, will moves be made to extend them as soon as possible so that everyone can have the benefit of the trials?

Mrs Spelman: As I made clear, the two trials that will take place next year—probably at the start of the autumn—will cover a six-week period, after which we would expect the evaluation of those trials to take approximately another four weeks. The evaluation will be undertaken by an independent panel, the composition of which will be announced in the new year. Of course, we will keep that under very close review, as we will all the parts of our package of proposals to eradicate TB.

Thomas Docherty (Dunfermline and West Fife) (Lab): May I press the Secretary of State to say a little more about these trial areas of 150 sq km? Will all the landowners within that trial area have to sign up? If they do not, will the shooters be allowed to go on to their property to shoot?

Mrs Spelman: What is required for the pilots is access to 70% of the land, in line with the evidence from the randomised badger culling trial. We need access to 70% of the land. There is no element of compulsion on all landowners in the area, but 70% is needed as part of the limited liability company that a group of farmers would set up.

Roger Williams (Brecon and Radnorshire) (LD): I draw Members' attention to my entry in the Register of Members' Financial Interests. Today—this very day—cattle will be taken from the farm for which I have responsibility to be shot, because they were found to be reactors last week. I welcome the Secretary of State's courageous announcement following the incisive scientific analysis by David King, but will she also insist that farmers play their part in maximising biosecurity and following all the regulations on testing and movement, too, so that we can maximise the effect of the announcement?

Mrs Spelman: I commiserate with the hon. Gentleman on the loss of those cattle. The front page of the Farm Crisis Network's report brings home to anyone who has not experienced that what it feels like. One farmer said:

> "I feel there is a constant dark cloud of uncertainty over me, causing stress, anxiety and fear."

I am sure that the hon. Gentleman identifies with him. I assure him that all aspects of the bovine TB package, including strengthening biosecurity measures, will be available. It is a full toolkit to tackle this terrible disease.

Glyn Davies (Montgomeryshire) (Con): The impact of bovine TB is as devastating to farmers, cattle and wildlife in Wales as it is in England, but the control of the disease in Wales is devolved to the Welsh Government. Will my right hon. Friend reassure me that all the evidence, experience and information available to her will be shared with the Welsh Government so that the issue can be dealt with in Wales, too?

Mrs Spelman: I can give that assurance. Of course, we will share with devolved Ministers all the evidence and experience from the two pilots as well as from the wider package.

Bob Blackman (Harrow East) (Con): Will my right hon. Friend confirm that there will be a requirement, particularly in the pilots, for a strict count of the number of badgers culled, that there will be a requirement for those badgers to be tested to substantiate that they are suffering from TB and that in the long term, there will be a requirement that those areas that are going through vaccination will not also have culling at the same time?

Mrs Spelman: I can give my hon. Friend that assurance. Very strict requirements have been set out, and tomorrow I will publish the guidance to Natural England and he might wish to read that to see precisely how this will be controlled and how we will test the infection of badgers. On the point about coterminous vaccination and controlled reduction, it is important to remember that this is a package and the option we have chosen to pursue combines controlled reduction of the badger population with vaccination. Some parts of the area might not be suitable for one method of controlled reduction and boundaries might be secured by a programme of vaccination, too.

Guto Bebb (Aberconwy) (Con): May I, too, congratulate my right hon. Friend on her statement, which I welcome? In view of our bitter experience in Wales with proposed trials, however, how confident is she that these proposals will not be subject to a legal challenge?

Mrs Spelman: Far from it: I think we can be reasonably confident that they will be subject to a legal challenge and that is one reason why we have taken the utmost care. We have taken our time and we have taken a precautionary approach, and every step of the way we have tried to ensure that we have a copper-bottomed reasoned analysis that is the basis of our judgment that we should proceed with this policy.

Tessa Munt (Wells) (LD): I am aware that more than 1,200 badgers have been vaccinated over the past 18 months in Gloucestershire in trials under separate projects from the Food and Environment Research Agency and the Gloucestershire wildlife trust to assess the practical use of a vaccine. I am pleased that the new vaccine plans have been announced today and they at least explain that we are trying different solutions to sort out this problem, which is a huge one in Somerset. When will the Secretary of State be in a position to assess the effectiveness and costs involved in that project in

[Tessa Munt]

Gloucestershire and how will that inform the planned vaccination projects that are to come over the next three years?

Mrs Spelman: It will take some time—many years—before we can finally assess the effectiveness of the vaccination trial in Gloucestershire, but I went and saw it for myself and, as much as anything, it was about the practicalities of trapping and caging the badgers prior to injecting with the only vaccine that is available. There are considerable practical difficulties with the procedure, but today I have tried to make available a fund to help those voluntary groups that want to participate in the vaccination programme.

George Eustice (Camborne and Redruth) (Con): I welcome the Secretary of State's proportionate and measured approach to this very contentious issue, and it will be respected by farmers in the west country, many of whom have suffered tragic losses from their herd. I welcome also the long-term commitment to developing a vaccine, but does my right hon. Friend agree that one of the problems with the current vaccine is that it will only inoculate healthy badgers against future infection and cannot cure badgers that already have the disease?

Mrs Spelman: My hon. Friend, who is very knowledgeable, has hit on the problem that the vaccine is effective only in badgers that are clear of the disease. That is one reason why vaccination takes so much longer than the method of controlled reduction by controlled shooting, but I reiterate that the Government have committed £20 million to the ongoing quest to find an oral vaccine for badgers. It has been effective in treating other diseases such as rabies, and if only we could find one, we would all, I am sure, be delighted.

ROYAL ASSENT

Mr Speaker: I have to notify the House, in accordance with the Royal Assent Act 1967, that Her Majesty has signified her Royal Assent to the following Acts:

London Olympic Games and Paralympic Games (Amendment) Act 2011

Terrorism Prevention and Investigation Measures Act 2011

Public Bodies Act 2011

Charities Act 2011.

Victims of Crime (Code of Practice)

Motion for leave to bring in a Bill (Standing Order No. 23)

1.21 pm

Priti Patel (Witham) (Con): I beg to move,

That leave be given to bring in a Bill to make provision for a code of practice to be observed by all those working in the criminal justice system setting out the rights of victims of crime and their families; and for connected purposes.

It is a privilege to address the House on a matter of profound importance to the functioning of our criminal justice system, and I am delighted that so many Members have expressed their support for this endeavour.

The Bill sets out to provide more rights and support to the victims of crime and to their families. We all know, from meeting victims of crime in our constituencies, the horrific, appalling and devastating effect that criminals have on their lives, but all too often victims and their families feel let down, unrepresented and abandoned as they are processed through the criminal justice system.

Two sets of figures highlight how scandalous and inconsistent the treatment of victims can be. The 2010-11 British crime survey shows that only 39% of victims were confident that the criminal justice system is effective, compared with 44% among non-victims, and that 56% of victims are confident that the criminal justice system is fair, compared with 63% of non-victims. In other words, once a victim goes through the criminal justice system and has experienced its workings, they believe it to be less effective and less fair, compared with the expectations of non-victims.

The treatment of victims is of even more concern when compared with the treatment of defendants and offenders. Surveys show that only about one third of people believe that the criminal justice system

"meets the needs of victims".

By contrast, twice as many—80%—believe that the system

"respects the rights of and treats fairly people accused of committing a crime."

That is no doubt why the former victims commissioner, Louise Casey, whose work I pay tribute to, has said that

"there is a need, if not to take away rights from offenders, to at least give consideration to 'balancing up' the system towards some basic needs of victims. Convicted or accused people are afforded a strong position in terms of definite 'rights' from the criminal justice system, whereas victims are afforded vague codes and unenforceable charters with no real route of complaint."

The existing procedures for victims have failed and proved to be inadequate, and the victims commissioner called for a new victims law, which would include the rights for victims and their families to make statements to influence sentencing, to receive information about their case and to be given suitable support. Before Louise Casey left her post, she also called for more support and rights for the families of murder victims. It is deeply worrying that 51% of families bereaved in such circumstances have found the criminal justice system to be the most difficult issue to deal with, and that is why she called for them to receive greater rights to information, greater practical and emotional support and better treatment in the courtroom. She rightly called also for delays in releasing bodies to be overcome, so that loved ones might be buried within 28 days. Measures to introduce

those recommendations and others are included in my Bill, as it strengthens the rights of victims and enshrines those rights in law.

In the time I have left, I should like to draw the House's attention to some other issues that need addressing and are dealt with in my Bill. First, victims' rights must be enforceable with an efficient and effective mechanism in place for them to seek and secure redress when their rights have not been respected. Offenders and defendants have a range of legal avenues available to them when they feel mistreated in the criminal justice system, including going all the way to the European Court of Human Rights, but the striking absence of a corresponding system for victims is unjust, and my Bill reverses that.

Secondly, as part of making victims the central focus of the criminal justice system, my Bill ensures that they have a genuine say over whether an offender is charged, and when a sentence is passed down once a guilty verdict is secured. Too often, victims are excluded from that process, an appalling example of which was when the police and courts let off an offender responsible for committing some 600 crimes in Essex. Instead of being put in a prison cell, he went into the community to reoffend. Needless to say, victims throughout the county were angered by the judgment and by the fact that they were excluded from the decision-making process and did not get their day in court to press for a more relevant and appropriate sentence. Under my Bill, that would not happen again.

Thirdly, as part of giving more rights to the families of homicide victims, my Bill compels authorities to offer more support to the families of British nationals murdered abroad. In recent months, two horrendous cases have come to my attention, in which constituents have suffered because of the murder overseas of those nearest and dearest to them. Not only have they had a terrible time dealing with the tragic loss, but they have had to encounter a range of practical obstacles, such as translation costs, travel arrangements and an unfamiliarity with foreign legal systems. Currently, only 13% of those families feel as though the British authorities treat them as victims, and there is a wide disparity in the support services available to them. I pay tribute to the outstanding work undertaken by the organisation Support After Murder and Manslaughter Abroad in assisting relatives faced with that tragic set of circumstances, and to its efforts to develop a memorandum of understanding with the authorities in this country. But a firm set of commitments, which my Bill provides for, is needed so that full assistance can be afforded and provided to them.

Finally, my Bill gives victims greater protection from criminals not only when the criminal is out in the community, but when they are in prison. In one shocking case in my constituency, a convicted murderer has been able from jail to torment the family of the deceased, through media articles both authorised by the Ministry of Justice and unauthorised. That cannot be right, and my Bill empowers victims in such circumstances to prevent hurtful statements by their convicted tormentors.

Those are important issues for victims in all our constituencies, and I hope that right hon. and hon. Members throughout the House will show their support by granting me leave to bring in this Bill.

Question put and agreed to.

Ordered,

That Priti Patel, Mr Philip Hollobone, Charlie Elphicke, Mr David Amess, Mr Graham Brady, Mr Andrew Turner, Mark Pritchard, Mr Graham Allen, Bob Russell, Nick de Bois, Stuart Andrew, Mark Durkan and Elizabeth Truss present the Bill.

Priti Patel accordingly presented the Bill.

Bill read the First time; to be read a Second time on Friday 27 January 2012 and to be printed (Bill 263).

Business of the House

1.30 pm

The Parliamentary Secretary, Office of the Leader of the House of Commons (Mr David Heath): I beg to move,

That—

1. Standing Order No. 80A (Carry-over of bills) shall be amended as follows—

(a) in line 7, after the word 'motion', insert the words '(other than a motion relating to a bill brought in upon a ways and means resolution)', and

(b) in line 23, at end, insert the words '(other than a bill brought in upon a ways and means resolution)'; and

2. the following new Standing Order be made—

'(1) The Speaker shall put any question necessary to dispose of proceedings on a carry-over motion of which a Minister of the Crown has given notice under Standing Order No. 80A (Carry-over of bills) relating to a bill brought in upon a ways and means resolution—

(a) forthwith if the motion is made on any day before the bill is read a second time, or on the day the bill is read a second time; or

(b) not more than one and a half hours after the commencement of proceedings on the motion if the motion is made at any other time.

(2) The following paragraphs of this order shall apply to any bill ordered to be carried over to the next Session of Parliament in pursuance of a carry-over motion to which paragraph (1) applies.

(3) If proceedings in committee on the bill are begun but not completed before the end of the first Session, the chair shall report the bill to the House as so far amended and the bill and any evidence received by the committee shall be ordered to lie upon the Table.

(4) In any other case, proceedings on the bill shall be suspended at the conclusion of the Session in which the bill was first introduced.

(5) In the next Session of Parliament, a Minister of the Crown may, after notice, present a bill in the same terms as the bill reported to the House under paragraph (3) of this order or as it stood when proceedings were suspended under paragraph (4) of this order; the bill shall be read the first time without question put and shall be ordered to be printed; and paragraphs (6) to (13) shall apply to the bill.

(6) In respect of all proceedings on the bill, any resolution which the bill was brought in upon in the first Session shall be treated as if it were such a resolution of the House in the next Session and any reference in any resolution upon which the bill was brought in to a Bill or Act of the present Session shall be treated in the next Session as a reference to a Bill or Act of that Session.

(7) In respect of all proceedings on the bill, the bill shall be treated as a bill brought in upon ways and means resolutions.

(8) If the bill was read a second time in the first Session, it shall be read a second time without question put.

(9) If the bill was not set down for consideration at any time in the first Session, any committal order in respect of the bill shall apply to proceedings on the Bill in the next Session (subject to paragraphs (10) and (11)).

(10) If the bill was reported from a public bill committee under paragraph (3), it shall stand committed to a public bill committee in respect of those clauses and schedules which were committed to a public bill committee in the first Session and not ordered to stand part of the bill in that Session.

(11) If the bill was reported from a committee of the whole House under paragraph (3), it shall stand committed to a committee of the whole House in respect of those clauses and schedules which were committed to a committee of the whole House in the first Session and not ordered to stand part of the bill in that Session.

(12) If the bill was read a second time in the first Session and was not set down for consideration at any time in that Session, any order of the House giving leave for a committee on the bill to sit twice on the first day on which it meets in the first Session shall apply to the first day on which the committee meets in the next Session.

(13) If the bill was set down for consideration at any time in the first Session, the bill shall be set down as an order of the day for (as the case may be) consideration, further consideration or third reading.

(14) Notices of amendments, new clauses and new schedules given in respect of parts of the bill not disposed of in the first Session shall be reprinted as notices in respect of the bill as presented and proceeded with under paragraph (5).'.

Mr Speaker: With this we will consider the following:

Motion 3—*Third Reading (Bills Brought in upon a Ways and Means Resolution)*—

That Standing Order No. 77 (Third reading) be amended by adding at the end—

'(2) The third reading of a bill brought in upon a ways and means resolution may be taken at the same sitting of the House as its consideration on report.'.

Motion 4—*Sessionality (Supply)*—

That, notwithstanding the practice of the House as to the legislative authorisation of (a) appropriation of expenditure and (b) maximum numbers for defence services, legislative authorisation of appropriation of Votes on Account and maximum numbers for defence services may take place on a day not later than 5 August in the Session following that in which the founding resolutions for the forthcoming financial year were agreed to by the House.

Motion 5—*Consideration of Estimates*—

That—

(1) Standing Order No. 54 (Consideration of estimates) shall apply for the remainder of this Session as if, for the word 'Three' in line 1, there were substituted the word 'Five';

(2) Standing Order No. 54 (Consideration of estimates) shall be amended in accordance with paragraphs (3) to (7) of this order;

(3) in line 1, leave out 'before 5 August,';

(4) in line 13, at end, insert 'Provided that the foregoing provisions of this paragraph shall not apply on any day on which time has been allocated pursuant to paragraph (2)(b) of Standing Order No. 24 (Emergency debates).';

(5) leave out lines 25 to 34 and insert—

'Provided that on days on which time has been allocated pursuant to paragraph (2)(b) of Standing Order No. 24 (Emergency debates) or the Chairman of Ways and Means has set down opposed private business under paragraph (5) of Standing Order No. 20 (Time for taking private business), proceedings under this sub-paragraph shall not be entered upon until the business in question has been disposed of and may then be proceeded with for three hours, notwithstanding the provisions of Standing Order No. 9 (Sittings of the House).';

(6) in line 38, leave out 'hour prescribed under paragraph (5)' and insert 'day and hour prescribed under paragraph (6)';

(7) in line 40, leave out paragraph (5) and add—

'(5) Any estimates on which questions have been deferred to another day in accordance with the provisions of paragraphs (4) and (6) of this order, together with any questions so deferred, and all other estimates appointed for consideration on any previous day or half day allotted under this order shall be set down for consideration on the day to which the questions have been deferred.

(6) On the day to which the provisions of paragraph (2) or (4) of Standing Order No. 55 (Questions on voting of estimates, &c.) apply which falls after or on any day or half-day allotted under this order, the Speaker shall, at the time prescribed in paragraph (1) of that order, put, successively, any questions deferred under paragraph (4) of this order on any previous day or half day allotted under this order, any questions deferred under paragraph (4) of this order on the day and any questions necessary to dispose of proceedings on all other estimates appointed for consideration on any day or half day allotted under this order.';

(8) Standing Order No. 15 (Exempted business) shall be amended, in line 41, by leaving out '(5)' and inserting '(6)'; and

(9) Standing Order No. 41A (Deferred divisions) shall be amended, in line 23, by leaving out '(5)' and inserting '(6)'.

Motion 6—*Questions on Voting of Estimates, &c.*—

That Standing Order No. 55 (Questions on voting of estimates, &c.) shall—

(1) apply for the remainder of this Session with the following amendments—

(a) in line 1, leave out 'paragraphs (2), (3) or (4)' and insert 'paragraph (2) or (4)';

(b) in line 2, leave out 'the Speaker shall at the moment of interruption' and insert ', at the moment of interruption or as soon thereafter as proceedings under the proviso to paragraph (3)(b) of Standing Order No. 54 (Consideration of estimates) have been disposed of, the Speaker shall (after putting any questions required to be put under paragraph (6) of Standing Order No. 54)';

(c) in line 9, leave out '6 February' and insert '18 March';

(d) in line 14, at end, insert—

'(c) votes relating to numbers for defence services;

(d) excess votes, provided that the Committee of Public Accounts has reported that it sees no objection to the amounts and modifications to limits on appropriations in aid necessary being authorised by excess vote.';

(e) in line 15, leave out paragraph (3); and

(f) in line 33, leave out 'paragraphs (2), (3) or (4)' and insert 'paragraph (2) or (4)'.

(2) be amended with effect from the start of next Session as follows—

(a) in line 1, leave out 'paragraphs (2), (3) or (4)' and insert 'paragraph (2) or (4)';

(b) in line 2, leave out 'the Speaker shall at the moment of interruption' and insert ', at the moment of interruption or as soon thereafter as proceedings under the proviso to paragraph (3)(b) of Standing Order No. 54 (Consideration of estimates) have been disposed of, the Speaker shall (after putting any questions required to be put under paragraph (6) of Standing Order No. 54)';

(c) in line 6, leave out the words 'and limits on appropriations in aid,';

(d) in line 9, leave out '6 February' and insert '18 March';

(e) in line 14, at end, insert—

'(c) votes relating to numbers for defence services;

(d) excess votes, provided that the Committee of Public Accounts has reported that it sees no objection to the amounts necessary being authorised by excess vote.';

(f) in line 15, leave out paragraph (3);

(g) in line 29, leave out ', and limits on appropriations in aid,'; and

(h) in line 33, leave out 'paragraphs (2), (3) or (4)' and insert 'paragraph (2) or (4)'.

Mr Heath: For the convenience of the House, it may be helpful if I say that it is not my intention later to move motion 7. There are two reasons for that: first, there is a deficiency in the printed version of the motion on the Order Paper; also, not moving it will allow further discussions with the Chair of the Liaison Committee and others on the consequences of the changes that we are proposing.

Sir Alan Beith (Berwick-upon-Tweed) (LD): I welcome my hon. Friend's willingness to use this unexpected interlude to ensure that, at the end of the day, Select Committees can be confident that they will have the opportunity to debate and report on the abolition of public bodies before such matters come to the Floor of the House or a Delegated Legislation Committee.

Mr Heath: I am grateful to my right hon. Friend, with whom I have been in correspondence on these matters. I am keen to ensure that we have a system that fits the needs of the House in dealing with such important issues.

The first motion and the other four motions that we are debating with it arise from three considerations. First, they arise from the need to adapt the House's procedures to spring-to-spring Sessions. Secondly, they arise from the alignment project, which was initiated by the last Administration and has been taken forward by this Government. Thirdly, it is proposed to take this opportunity to undertake some minor tidying-up of the relevant Standing Orders. Some of the changes before the House are quite technical, not to say rather long. The House will be pleased to know that I do not intend to go through them individually; rather, I shall explain their purposes. The provisions are explained in detail in an explanatory memorandum that has been placed in the Vote Office.

On 13 September last year, my right hon. Friend the Leader of the House announced the Government's intention to move the usual date of Prorogation and state opening from November to the spring, to create a fixed-term Parliament of five equal, 12-month Sessions. That decision has some consequences for financial business. The first motion before us today would adapt the House's existing procedures for carry-over to enable the Finance Bill to be carried over from one Session to the next. The House has already passed legislation, in last year's Finance Bill, to ensure that resolutions under the Provisional Collection of Taxes Act 1968 have continued legal effect from one Session to the next. The motion makes matching provision in the House's procedures. My right hon. Friend consulted the Procedure Committee on the proposal in February. The Chair replied on 9 March indicating that the Committee was content with the proposal.

Mr Greg Knight (East Yorkshire) (Con): May I say on behalf of the Procedure Committee that we are grateful that we were consulted on this matter? Is the Deputy Leader of the House aware that we concluded that if

[Mr Greg Knight]

the Government wish to continue to have the Budget statement in March—I can understand why they would—then carry-over seems the simplest way of proceeding? We concluded, with cross-party agreement, that this would not lead to any loss of scrutiny.

Mr Heath: I am most grateful to my right hon. Friend on several levels: first, for the work that he and his Committee do on such matters; and secondly, for the nature of his response to the proposal that we are discussing. It is important that a Committee of the House has been able to consider whether any loss of scrutiny would be involved; it is also important for the House to ensure that no such loss would be involved. He and his colleagues have concluded just that, and I am pleased that they were able to do so on an all-party basis.

The first motion modifies the general provisions for carry-over in existing Standing Orders in two main ways. First, it allows carry-over without separate debate before Second Reading. The House will have already debated the substance of the provisions in question during the Budget debate, and there may be cases where Prorogation falls before Second Reading. Secondly, the motion ensures that both the specific character of Bills brought in on Ways and Means resolutions and the practices of the House in considering such Bills are reflected in Standing Orders.

The second motion falls into the category of a tidying-up measure. Because it is seen as the practice of the House that there should be an interval between each stage of the Finance Bill, the House is asked to agree a motion for each such Bill, allowing Third Reading to take place on the same day as Report. Such motions to vary the so-called practice of the House have now been tabled for 100 years, since the chancellorship of David Lloyd George. The House has not failed to pass such a motion since 1972, and has not debated Third Reading on a day subsequent to Report since 1991. Even for the House, I submit that 100 years of settled practice is enough to overturn the presumption that the practice is otherwise.

Mr Iain Wright (Hartlepool) (Lab): It's too early to say.

Mr Heath: I think we may have reached a settled view by this stage. The second motion therefore changes Standing Orders to allow Third Reading to follow Report on the same day without a separate motion in each case.

The remaining motions relate to Supply, which some would say is one of the more obscure aspects of the House's procedure. Indeed, Supply might be thought to be the House's equivalent of the Schleswig-Holstein question. I am glad to say that there are at least a few more people who understand the business of Supply, and I believe they are alive and of sound mind—allegedly. I understand that among their number is Sir Stephen Laws, first parliamentary counsel—there is no question but that he is of sound mind—who is about to retire, and for whose services to successive Governments and, indirectly, to this House the Government are very grateful. The changes to be made are not easy to follow, and are explained in detail in the explanatory memorandum, so I will endeavour to describe what lies behind them.

The first factor is the move to spring-to-spring Sessions. The current practice of the House requires that once Supply has been provisionally authorised, an Appropriation Act following on from that provisional authorisation needs to be passed in the same Session. At present, the first stages of authorisation of the votes on account and the limits on numbers for defence services take place in early spring, with final authorisation incorporated in the Appropriation Act, passed in June or July. The retention of that timing makes sense but, given the move to spring-to-spring Sessions, it will involve final authorisation being given in the following Session. The third motion enables this common-sense practice to continue. We are also making provision for five estimates days during the current, extended Session, following discussion with the Liaison Committee. Indeed, this responds to a request from the Liaison Committee.

The second factor is the alignment project, which was an initiative of the last Administration, but which is bearing fruit in the new Parliament. The project's aim is to achieve better alignment between Budgets, estimates and accounts, and to simplify and streamline the Government's financial reporting documents, thereby improving Parliament's ability to scrutinise planning and actual public expenditure. Select Committees were closely involved at various stages in the development of the proposals, which were endorsed by the House in the last Parliament through the passage of part 5 of what became the Constitutional Reform and Governance Act 2010 and, in the present Parliament, through the resolution approving the proposals for the project that was passed following a debate on 5 July 2010. During that debate, the hon. Member for Harrow West (Mr Thomas), speaking for the Opposition, welcomed

"this further opportunity to confirm support for the sensible changes that the last Government created under the alignment project".—[*Official Report*, 5 July 2010; Vol. 513, c. 93.]

The changes are being implemented with effect from the estimates for the financial year 2011-12. As a result of the changes already endorsed by the House, the estimates documents requiring formal authorisation are to be published only during two periods each year—between January and February, and between April and May.

Implementation of the project means that there will be two rather than three estimates events during a normal-length Session. There will be no winter supplementary estimates and no December estimates day or votes on outstanding estimates at that time. The motions before us reflect the move to two estimates windows each Session, when estimates day debates will take place and outstanding estimates will be voted on.

As a result of these changes, there will be two estimates days close together, usually in the early spring. The fourth motion thus provides that votable motions on such days will be deferred until the House votes on all outstanding estimates, usually at the end of the second such day. This builds upon the existing practice whereby votes are deferred on estimates days until the moment of interruption.

I hope that that is sufficient to explain the thinking behind these proposals, and I commend the motions to the House.

1.41 pm

Chris Leslie (Nottingham East) (Lab/Co-op): I am grateful to the Deputy Leader of the House for explaining the rationale for these motions, He did so with a certain

degree of nonchalance, suggesting that they are quite technical. I am quite keen—I know many hon. Members are eager to speak in the debate—to keep an open mind and I am absolutely ready to be persuaded, but I have a number of concerns about the motions, especially about the first one, which deals with carry-over. It is true that the proposed changes are a downstream consequence of the shift to a fixed-term Parliament, with Sessions divided equally and running from May to May. As ever with this Government, however, we are left wondering whether they have properly thought through the consequences.

There are good reasons for the sessional divisions of the parliamentary calendar from year to year. Let us not be under any illusions: today's proposals would massively expand carry-over provisions for legislation, potentially ending the convention whereby Bills should normally be introduced, considered and completed within the year in which Her Majesty outlines the Government's plans in the Queen's Speech. Carrying over a Bill should happen in special and infrequent circumstances. The previous Government introduced carry-over procedures to accommodate complex and technical legislation, largely where there was a cross-party consensus on the need for reform or where the addition of pre-legislative scrutiny or wider-ranging provisions necessitated a longer time frame for the Bill's passage. Carry-over has been an exception rather than a rule. The House needs to recognise that, if the proposals proceed, standard legislation such as Finance Bills will routinely span the historical firewall that is in place to protect sessional business spilling over from one year to the next. Back-Bench Members will notice that carry-over is not possible for Back Bench-initiated legislation.

Ways and Means legislation has a set of histories that go back a long time. The motion would take carry-over provisions into quite different and possibly uncharted terrain. Finance Bills are particularly important legislation: they provide, of course, the means by which the public are taxed, businesses are forced to part with their money and resources are taken from consumers and workers to pay for the collective public services such as the defence of our country. This country was at the forefront of democratic innovation through which sovereignty passed from the monarchs to the people represented in this House of Commons. We should therefore reflect seriously on the rationale for the protections and safeguards that have accrued over the centuries to defend the rights of those being taxed. It is, after all, only the House of Commons that considers money Bills. Because these changes to the law do not gain scrutiny in the other place, we should be sure that we proceed with extra care in this place.

The Crown attends Parliament at the beginning of each Session and makes a specific request of Members of the House of Commons that

"estimates for the public services will be laid before you".

This is the beginning of an age-old process built around the sessionality of supply, guaranteeing time for consideration of votes on account and ensuring that there is no taxation without representation. It might well be that the Government do not consider this cycle of proposal, consideration and approval important enough to retain the sessional disciplines. If so, I would have thought that they would have the courtesy to ensure proper and adequate consideration of the impact of these changes.

I am not sure that enough thought has been given to the consequences. There are some serious constitutional issues at stake. What on earth is the point of going forward with a sessional divide from year to year if the Crown is free to bunch together legislation across the years? The powers of Back Benchers are also an important issue. What powers do ordinary Members have over the timetabling of business if Ministers are not under pressure to conclude their business at the end of a Session and can merely table a motion and slip a whole Finance Bill forward? The hon. Member for North East Hertfordshire (Oliver Heald), who I believe was shadow Leader of the House at the time, said that

"the lack of pressure could encourage even more sloppiness in the drafting, programming and timetabling of legislation."—[*Official Report*, 26 October 2004; Vol. 425, c. 1325.]

This pressure is useful to Parliament, to the House of Commons and to Back Benchers—a pressure that can be used to force Governments to accede to amendments and to ensure that they go forward before the end of a Session is reached. Ministers are keen not to lose their Bills. We need to consider these issues carefully. I can, of course, see the logic of the Minister's arguments; I am simply saying that I am not sure that we have given enough proper and deep consideration to some of the issues.

Sessional disciplines matter. The Treasury, as we know, has already provided some evidence of poor drafting and a number of deficiencies have been seen in its proposals. The new powers to elongate consideration of the Bill to suit the Treasury's timetable rather than that of Parliament could well lead to a lackadaisical, slapdash approach to what should be an efficient focus on the clear conduct of business. Parliament should, after all, have a realistic and measured work load before it and a legislative programme designed to ensure that each Bill receives fair and equal scrutiny.

Mr Knight: If the hon. Gentleman is not happy with this way of proceeding, what does he suggest as an alternative? Is he suggesting that the Government should consider having a May or June Budget, which would have serious implications for the tax year?

Chris Leslie: This is indeed a conundrum. We are misaligning the calendar of the House of Commons with the fiscal year. We have managed to cope historically, but I do not have an answer. I would have liked deeper consideration of the proposals in a form that could be properly debated, rather than to find ourselves confronted with these motions on the Order Paper. I genuinely understand the Government's problems. I do not wish to be obstructive, but I think it important to take some time to review what are, after all, arrangements that have been in place for many hundreds of years.

Mr Peter Bone (Wellingborough) (Con): The shadow Minister is making a powerful speech. Is not one of the dangers—we hear it often—that the Government want to do something on the surface for very good reasons, but at the same time what happens strengthens the Executive and reduces the power of Parliament?

Chris Leslie: The hon. Gentleman has hit on an important point. If we have a too relaxed approach to the parliamentary calendar, we could see a repeat of the

[Chris Leslie]

situation whereby this House of Commons is especially busy for a couple of months, but is then twiddling its thumbs for several months longer—perhaps when the Government are struggling to get their business through the other place.

The right hon. Member for East Yorkshire (Mr Knight) asked the right question: how should we proceed from here? I understand the arguments in favour of some of the proposed changes, but I wish that the Government had devoted more time and care to discussing the issues through the usual channels and allowing the problems that had been raised to be considered properly and thoughtfully.

It would be useful if the Minister answered some questions, because I remain to be persuaded. For instance, why should not consideration of a Finance Bill start a month or so later? I am not suggesting that that is necessarily the solution; I am merely speculating on what the consequences might be. We could still have a Budget in March, but proceedings on the Finance Bill proper could start immediately after the Queen's Speech in May, at the beginning of the new Session. That might be preferable to a Committee stage taking place for a couple of weeks immediately after the March Budget, followed by an elongated break and then a return to the Committee stage about halfway through the clauses that had previously been under consideration. There is, of course, virtue in avoiding a disruptive period of down time in the middle of a Committee stage. I should like to know whether the Government and, indeed, the Procedure Committee have thought about that.

Will the Minister elaborate on the proposals in motion 2 on carry-over of Ways and Means legislation? He has not chosen simply to amend Standing Order No. 80A to remove the reference to Ways and Means. Instead, an attempt seems to have been made to copy and paste carry-over provisions in respect of other Bills into a new Standing Order relating specifically to Ways and Means and money Bills. As far as I can see, however, various elements have not been transposed: for example, Standing Order No. 80A(3), which provides for no more than one Bill to be subject to a carry-over motion, and (4), which prevents a carry-over motion to apply to a Bill carried over from a previous Session. There seems to be nothing technically in place to prevent a Finance Bill that has been carried over from one Session from being carried over again to another. I accept that such a development may be very unlikely, but I do not understand why it was not covered in the copy-and-paste exercise. It could be described as the Schleswig-Holstein question squared, and I should be grateful if the Minister could seek some inspiration in order to clarify the point.

I have heard the Minister argue about the move to the automatic Third Reading of Finance Bills on the same day as Report each year. He says that that it has been happening for 100 years—which, according to my hon. Friend the Member for Hartlepool (Mr Wright), may mean that it is too early to tell whether it is working. Even if it is normal practice, the Government have at least had the courtesy to table a motion seeking the House's permission, rather than assuming that Third Reading shall always take place on the same day as Report. However, I feel that the practice may erode the purpose of Third Readings as a distinct stage in the passage of legislation. It may be entirely pragmatic, but although I am willing to be persuaded otherwise, I do not think that consequences of some of these changes have been properly thought through.

Can the Minister explain the rationale for the omission of the backstop date applying to the three days allotted to the consideration of estimates? I understand that he is changing the date from 5 August following line-of-sight discussions after the passage of the Fixed-term Parliaments Act 2011—that makes sense—but why not simply shift the date forward to February or March rather than omitting it altogether?

The Minister also said that he proposed to put back the "roll-up" day for the modification of estimates by only five or six weeks—to, I believe, 18 March—which strikes me as a fairly arbitrary choice. He also touched on the fact that we would lose one of those modification days, as the number would be reduced from three to two. It is a small point, but, again, I wonder whether it should have been considered in more detail.

I have total respect for the Procedure Committee and its Chairman, who engaged in informal discussions with the Leader of the House about the proposals and did not object to them, but—with the greatest respect—I wish that the proposals had been subjected to more adequate scrutiny, and to some form of challenge or review. There have been no public hearings or discussions, and no report has been provided to enable parliamentarians to digest and consider the proposals.

I believe that the changes require serious consideration, because they could have profound and unintended constitutional consequences. I have not yet been convinced by the Minister that we need to rush them through before the Christmas recess, although I shall wait to hear what he has to say. He has, in a statesmanlike way, withdrawn motion 7, and I wonder whether it would be wise for him also to seek to withdraw the carry-over proposals. Perhaps he could ask the Procedure Committee to consider the issues relating to those proposals in more detail, because, as yet, I am not fully persuaded that it would be responsible to support them.

1.56 pm

Mr Greg Knight (East Yorkshire) (Con): The hon. Member for Nottingham East (Chris Leslie) referred to what he described as a "queue" of Members waiting to speak, and went on to express his concerns about the proposals. I think he is seeing shadows on the wall in both respects. It seems to me that if the Government were to abuse the process that they are asking us to approve—having put the matter to the Procedure Committee on the basis on which they have put it to the House today—Members in all parts of the House would seek to hold them to account. The Government have made clear that these are changes of process to accommodate occasions on which the House does not prorogue at the normal time, and I therefore think that the hon. Gentleman's concerns are misplaced.

The Leader of the House initially wrote to the Procedure Committee on 8 February this year asking whether the Committee was content for the Government to develop proposals to set aside the principle of sessionality in respect of supply procedure, and to provide for the carry-over of Finance Bills from one session to the next. The Committee subsequently engaged in a detailed

discussion about a number of issues relating to the proposed procedure, following which we decided that we were content with it and with the Government's reasons for proposing it..

If the House prorogues in April or May, as the Government propose, proceedings on supply will be interrupted. At present the supply cycle begins with the provisional authorisation of expenditure in November, with legislative authorisation being given in the summer. The Votes on Account are presented in November, and the House is asked to approve 45% of Government spending to cover the period between the beginning of the next financial year in April and the passing of the Appropriation Act in the summer. The principle of sessionality meant that expenditure approved in the Votes on Account had to be appropriated before prorogation.

The problem could, of course, be overcome by means of an Appropriation Act passed in the spring, as happens before a general election, but that was not considered to be an ideal solution. It would mean that the main estimate each year would contain details of only 55% of Government expenditure, the remaining 45% having already been appropriated after the Votes on Account. A further disadvantage of that approach would be that the Votes on Account contain less detail than the main estimates, and 45% of the total of public expenditure would therefore be appropriated on the basis of less detailed spending plans. It might be considered unfortunate if, at the same time as the beginning of the alignment project, a separate change meant that the main estimate only ever included 55% of the expenditure for which parliamentary approval was needed. The Government instead propose that the resolutions on which the Appropriation Act is founded should not fall at the end of a Session but should be time-limited. The Procedure Committee, on a cross-party basis, thought this was quite a reasonable way to proceed.

With a Budget in March or April, the Finance Bill, brought in on resolutions following the Budget, will not have completed its passage before the House prorogues in April or May and will have to be carried over to the new Session. It is also necessary for the Provisional Collection of Taxes Act 1968 to be amended, because under it, the Budget resolutions cease to have effect when the House prorogues.

The Finance Bill could be introduced in the new Session rather than being carried over, but would therefore not be published until May. Although a draft Finance Bill could be published following the Budget, with the Finance Bill itself being introduced in the new Session, the Government of the day would not thereby have the flexibility to introduce some proceedings on the Bill, such as Second Reading, before the House prorogued. The Procedure Committee therefore concluded that the Government's proposals for the carry-over of the Finance Bill would not affect the opportunities available to Members to scrutinise the Bill and vote on its provisions, and there would be no impact on the length of the Committee stage, for example.

Given that the Government wish to make the Budget statement in March, it seemed to us—again, there was cross-party agreement—that the carry-over of the Finance Bill is probably the simplest solution to the problem of the House proroguing in the spring, and one that does not interfere with Members' ability to scrutinise the Bill.

We therefore concluded that these proposals were modest and reasonable, and I hope the House will reach the same conclusion.

Sir Alan Beith *rose—*

Thomas Docherty (Dunfermline and West Fife) (Lab): *rose—*

Mr Deputy Speaker (Mr Lindsay Hoyle): I call Thomas Docherty.

2.2 pm

Thomas Docherty (Dunfermline and West Fife) (Lab): I am grateful to be called in this—*[Interruption.]*

Mr Deputy Speaker: Order. I can assure those waiting to speak that the hon. Gentleman did give notice that he would be speaking, so if we can just hold our water. I will be coming to Sir Alan next.

Thomas Docherty: Thank you, Mr Deputy Speaker; I hope to keep my remarks relatively brief.

This short debate is obviously a consequence of the Fixed-term Parliaments Act 2011, which was recently passed, and is an example of why, rather than hastily charging through such legislation and fixing it in this piecemeal way after the event, it might have been more appropriate to work through all the consequences of that change. I hope the Deputy Leader of the House will reflect on what happens when proper pre-legislative scrutiny of such a major Act does not take place.

I have the greatest respect for the Chairman of the Procedure Committee, the right hon. Member for East Yorkshire (Mr Knight). I have the privilege of serving under his leadership—I joined the Committee in the summer—and he has been an excellent Chairman. I do not at all doubt the sincerity of his words today and his genuine conviction that due diligence has been shown on this important, if slightly technical issue, but I hope he will not mind if I show some dissent in that regard. When I asked the Clerk of our Committee on Monday whether it was possible to get copies of the transcript of the informal private hearing that the right hon. Gentleman convened in the spring, the Clerk made it clear that although I, as a member of the Committee, could see it, other Members of the House could not. With the greatest respect to the Chairman, that is an unsatisfactory basis on which to change the Standing Orders of this House. If not all Members of this House are able to read the deliberations of the august Procedure Committee, how can our colleagues simply take our word for it?

I do not object in principle to what the Government are suggesting. Like many Government initiatives, it appears on the surface to be a reasonable suggestion. However, as we have discovered repeatedly over the past 18 months.

Mr David Hamilton (Midlothian) (Lab): Why does my hon. Friend think that the document has not been put into print, so that the rest of us can see it?

Thomas Docherty: I am always tempted to see the worst in this Government, but on this occasion I think it is probably a genuine oversight. They did not think things through and realise that, if the Procedure Committee simply had an informal session on this issue, it would not be able to share the wisdom of its thoughts. The Deputy Leader of the House shakes his head; perhaps there was some Machiavellian motive that he wishes to outline to the Committee. I was giving him the benefit of the doubt, but apparently it was a deliberate attempt not to have to reveal something.

Mr Heath: I remind the hon. Gentleman that the procedures of, and publication of documents by, Select Committees are matters for them, not for Government. It would quite improper for the Government even to begin to suggest how a Select Committee should do its business.

Thomas Docherty: I can assure the Deputy Leader of the House that the Chairman of the Procedure Committee would not respond favourably to such a suggestion, such is his independence of thought. However, why have the Government made it clear to my hon. Friend the Member for Nottingham East (Chris Leslie) that they do not believe it appropriate to pause slightly, so that the Committee can carry out a public, transparent and short inquiry in the new year? Perhaps the Deputy Leader of the House's diary is so busy in the new year that he cannot do that.

The Government seem to be assuming that we will prorogue in the spring, and I look to the Treasury Bench for some clarity on that. My understanding is that all their Bills are currently jammed up in the House of Lords and there is absolutely no sign of their making any substantive progress on clearing the backlog. That is why, with the greatest of respect, we are having a series of Opposition debates and one-line Whips—because the Government have no business in the House of Commons.

Mr Knight: I remind the hon. Gentleman and ask him to reflect on the fact that not one single member of the Procedure Committee, including the Labour members, asked for any sessions on this issue to be held in public. I say to him seriously that if, having put to the House that this is a technical alteration to accommodate the Government's wish to change when the House prorogues, the Government were to use this as a lever or mechanism to reduce the House's scrutiny of its business, there would be one hell of a row which many Government Members as well as Opposition Members would join, saying that the Government had misled the House and would have to retract what they were doing. The hon. Gentleman's fears do not therefore amount to very much, because the Committee has proceeded with this measure on the basis on which it was introduced to the House today: that it is a technical change. If it became something else, there would be one hell of a—

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. Come on—this is a speech! You have already made one; we do not need a second speech, Mr Knight, do we?

Thomas Docherty: I am grateful to the right hon. Gentleman for his comments. I have to tell him that the consequences of having an informal hearing were not in my view explained, and the Liaison Committee might wish to look at this issue in future.

I am conscious that the right hon. Member for Berwick-upon-Tweed (Sir Alan Beith) wants to speak, so I will sit down.

2.8 pm

Sir Alan Beith (Berwick-upon-Tweed) (LD): I am slightly surprised at the sudden growth of opposition to this motion among Labour Members. I wonder whether there is any other aspect of today's timetabling, or other matters, that may have entered into consideration, but I could be wrong about that.

I want to welcome the action the Government are taking, but before doing so let me say that the hon. Member for Nottingham East (Chris Leslie) made what is in principle an important point: sessional discipline is significant in the way in which the House operates. It brings pressure to bear in circumstances where, otherwise, Government majorities tend to prevail; it causes them to stop and think as a degree of blockage occurs in the Lords at that stage of a Session.

We are talking about Bills—Finance Bills—founded on a Ways and Means resolution for a limited, specific and entirely explainable purpose related to the whole financial timetable of both the House and the Government. I was bemused by the idea of what state a Government trying to carry over a Finance Bill through three Sessions could possibly be in, other than the one envisaged by some Opposition Members in dealing with our current financial circumstances. This is not the debate to go into that, however.

I will deal first with the increase from three to five in the number of estimates days for this Session, which is a long Session. That is welcome, but I must put on the record the Liaison Committee's request that there be five estimates days in normal Sessions, and our desire that that request be properly considered when we resume Sessions of the normal duration. There has been some Government resistance to that request—wait until we have at least seen more of the impact of the Backbench Business Committee. We have already seen the beneficial impact of that Committee, though, and I see no conflict there at all. Indeed, the Liaison Committee and the Backbench Business Committee are developing good ways of working together to ensure we maximise use of House time as Members want it to be used.

Mr James Gray (North Wiltshire) (Con): Will the right hon. Gentleman give way?

Mr Robert Syms (Poole) (Con): Will the right hon. Gentleman give way?

Sir Alan Beith: I have a choice. I will give way first to the hon. Member for North Wiltshire (Mr Gray), then to his hon. Friend.

Mr Gray: Does the right hon. Gentleman not agree that the number of estimates days will properly be a question for the House business committee, when it is established, and will he not press the Government to hasten the progress of their plan to do precisely that?

Sir Alan Beith: I am an avid and long-standing supporter of the principle of a House business committee. I think you would rule me out of order, Mr Deputy Speaker, were I to stray too far into that subject, but let me say

that that is indeed a matter that could be so resolved were that committee in existence. For the moment, however, we must look to the Leader of the House to do such things for us.

Mr Syms: It has always seemed strange to me that on estimates days we have before us vast tomes showing where the Government have switched money from one Department or one heading to another, but we tend to debate leisure centres or swimming or something else—nothing to do with money. If this House is serious about money, surely we ought to look at the estimates rather than debate some odd other subject?

Sir Alan Beith: Absolutely so, and I have been advocating that for some time.

That brings me to my next point, which is about ensuring that Select Committees, which are the proper place to look at some of the substance of the estimates decisions and the movements of money from one thing to another, have appropriate time to consider such matters—as much time as possible, so that they can conduct meaningful scrutiny. Our discussions with the Treasury and the Leader of the House about that are reflected in the motions, but we will watch carefully to make sure that Select Committees are not expected within ridiculous periods—a few days—to produce considered views on the serious substance of estimates.

To sum up, the two major points that the Liaison Committee will certainly be considering and that we want the Government to consider are that due regard is given to the Committee's previous recommendation of five estimates days per Session, and that Select Committees have time to consider estimates properly and so assist the House in doing what many right hon. and hon. Members have long felt should be done when we deal with estimates.

2.12 pm

Mr Heath: With the leave of the House, Mr Deputy Speaker, I shall respond to the debate. I am most grateful to the right hon. and hon. Members who have contributed to this brief debate. I am particularly grateful to my right hon. Friend the Member for Berwick-upon-Tweed (Sir Alan Beith) for his comments. He is right to say that there are wider questions and more far-reaching changes to the way the House scrutinises spending plans which we need to discuss at some point, but I think that those wider reforms would be best debated in the context of proposals from the Liaison Committee, rather than from Government. It may well be that there are better ways of organising our business. The hon. Member for North Wiltshire (Mr Gray), who is not in his place—

Mr Gray: I am here.

Mr Heath: I beg the hon. Gentleman's pardon; he is not sitting where I expected to find him. He made an important point about the advent in due course of a House business committee. We are looking at that, as we said we would, but even under existing arrangements it is open to any Select Committee, through the Backbench Business Committee, to seek time on the Floor of the House to debate a motion relating to departmental spending plans. The great advantage of that method is that the time constraints and procedural limitations arising from estimates procedure are absent.

The hon. Member for Poole (Mr Syms) asked why, during estimates day debates, we talk about Select Committee reports on matters that are either at some distance from or fairly peripheral to the essential element, which is scrutiny of Government accounts. Although that is a good question, it is one for another day, as it does not fall within the narrow confines of the motion.

I am grateful to the Chair of the Procedure Committee, the right hon. Member for East Yorkshire (Mr Knight), for his assistance. The idea that this is somehow a rushed process, when we put the proposals before that Committee for its consideration back in February and it is now, let me remind the House, December, or that we did not think of these things in advance, when we passed the proposals for consideration before the announcement of the change to the sessional timetable, is something of a nonsense. These are matters on which we needed the advice of the House; we have received that advice through the Procedure Committee, and that is why the motion has been brought before the House.

Mr Bone: Were the usual channels consulted and is there agreement? If there is agreement between the usual channels, I have some concerns.

Mr Heath: I of course have no idea what goes on in the usual channels, but I hope that the hon. Gentleman agrees with me that it is far more important that a Select Committee of this House has had the opportunity to comment on proposals that affect the scrutiny of Government business by the House. Not only was the Procedure Committee consulted, but it agreed unanimously that the change would assist scrutiny by the House and would in no way diminish the opportunities for Members to have their say on Government business.

Chris Leslie: We have indeed heard that the Procedure Committee looked at the proposals, but it did so in private, informal session and there was no sharing of many of the proposals with other hon. Members until the business appeared on the Order Paper a few days ago, I think. Will the Deputy Leader of the House confirm the day on which it appeared? I saw it only recently and no one approached me to discuss it. To dismiss as nonsense the concern we have expressed about haste is a little overblown.

Mr Heath: I think the hon. Gentleman is making a valiant effort to bring some substance to his objections to the proposals, but he is not succeeding. At various times he accused me of being nonchalant. I hope that I am not nonchalant. Simply that something is technical does not imply nonchalance. Flying a jet liner is a technical business, but one should certainly not be nonchalant about doing so. As I said, we have thought through the consequences.

The hon. Gentleman said that we are massively increasing carry-over, but we are not. We are specifically and precisely dealing with the consequences for Finance Bills of the change to sessional periods. He said—at least, I think I heard him say—that having longer to scrutinise a Finance Bill made it more difficult to scrutinise it effectively. I am not sure that that is always the position of Her Majesty's Opposition.

To deal specifically with his questions, the hon. Gentleman asked why should not the Finance Bill start in the new Session. The answer is: for the very obvious reason that if it did, the time available to the House to

[Mr Heath]

debate and scrutinise the Bill would be reduced. That cannot be right. He asked whether paragraphs (3) and (4) of Standing Order No. 80A apply to Finance Bills. Had he read the explanatory memorandum, he would have seen stated therein that those paragraphs will apply to Finance Bills.

The hon. Gentleman asked whether the provisions of paragraphs (12) to (14) of Standing Order No. 80A apply. Yes, the Standing Order will prevent a Finance Bill from being carried over more than once, as is stated in the explanatory memorandum. However, I have to say that if we had a Government whose Finance Bill was carried over between three Sessions, they would no longer be a Government, because they would not be a functioning Government. They would be a dead Government if they were unable to get their Finance Bill through in three Sessions of Parliament. I think we can safely assume that those circumstances will not apply.

On supply, the hon. Gentleman asked why the cut-off of 5 August under Standing Order No. 54 is being removed without being replaced. The timetable requirements for estimates procedures do continue and are set out in Standing Order No. 55. He asked why the first cut-off for supply is changing from a date in February to a date in March. That change does not affect the spring deadline. The February date was the cut-off for the winter supplementary estimates, which will no longer be published.

Despite the hon. Gentleman's valiant efforts to try to find a cause on which he could unite his party against these very modest and sensible proposals, he has failed to establish any case for doing so. I commend the orders to the House and I hope that the House will be able to agree them without opposition.

Question put.

The House proceeded to a Division.

Mr Deputy Speaker (Mr Lindsay Hoyle): I ask the Serjeant at Arms to investigate the delay in the Aye Lobby.

The House having divided: Ayes 266, Noes 187.

Division No. 412] **[2.20 pm**

AYES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Andrew, Stuart
Arbuthnot, rh Mr James
Bacon, Mr Richard
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Baron, Mr John
Banwell, Gavin
Bebb, Guto
Beith, rh Sir Alan
Bellingham, Mr Henry
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Binley, Mr Brian
Blackman, Bob
Blackwood, Nicola
Blunt, Mr Crispin
Bone, Mr Peter
Bottomley, Sir Peter
Brady, Mr Graham
Brake, rh Tom
Bray, Angie
Brazier, Mr Julian
Brine, Steve
Brooke, Annette
Bruce, Fiona
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, rh Mr Simon
Burrowes, Mr David
Burstow, Paul
Burt, Lorely
Byles, Dan
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Carmichael, Neil
Cash, Mr William
Chishti, Rehman
Chope, Mr Christopher
Clappison, Mr James
Clark, rh Greg
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Cox, Mr Geoffrey
Crabb, Stephen
Crockart, Mike
Crouch, Tracey
Davies, David T. C. *(Monmouth)*
Davies, Philip
Dinenage, Caroline
Doyle-Price, Jackie
Duddridge, James
Duncan, rh Mr Alan
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fallon, Michael
Featherstone, Lynne
Foster, rh Mr Don
Fox, rh Dr Liam
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fuller, Richard
Gale, Mr Roger
Garnier, Mark
Gauke, Mr David
George, Andrew
Gibb, Mr Nick
Gillan, rh Mrs Cheryl
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Gove, rh Michael
Graham, Richard
Gray, Mr James
Grayling, rh Chris
Green, Damian
Greening, rh Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gyimah, Mr Sam
Halfon, Robert
Hames, Duncan
Hammond, Stephen
Hancock, Matthew
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Harvey, Nick
Haselhurst, rh Sir Alan
Heald, Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendry, Charles
Hinds, Damian
Hobar, Mr Mark
Hollingbery, George
Hollobone, Mr Philip
Holloway, Mr Adam
Hopkins, Kris
Horwood, Martin
Howarth, Mr Gerald
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Huppert, Dr Julian
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Jenkin, Mr Bernard
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Kawczynski, Daniel
Kelly, Chris
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lamb, Norman
Lancaster, Mark
Lansley, rh Mr Andrew
Latham, Pauline
Laws, rh Mr David
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Lefroy, Jeremy
Lewis, Brandon
Liddell-Grainger, Mr Ian
Lidington, rh Mr David
Lilley, rh Mr Peter
Lloyd, Stephen
Lord, Jonathan
Luff, Peter
Lumley, Karen
Main, Mrs Anne
Maude, rh Mr Francis
May, rh Mrs Theresa
McCartney, Jason
McCartney, Karl
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Menzies, Mark
Metcalfe, Stephen
Mills, Nigel
Milton, Anne
Moore, rh Michael
Mordaunt, Penny
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mundell, rh David
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks

Newton, Sarah
Norman, Jesse
Nuttall, Mr David
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Ottaway, Richard
Parish, Neil
Patel, Priti
Pawsey, Mark
Percy, Andrew
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Prisk, Mr Mark
Pritchard, Mark
Raab, Mr Dominic
Reckless, Mark
Rees-Mogg, Jacob
Reid, Mr Alan
Rifkind, rh Sir Malcolm
Robertson, Mr Laurence
Rogerson, Dan
Rosindell, Andrew
Rudd, Amber
Ruffley, Mr David
Russell, Bob
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Shelbrooke, Alec
Simmonds, Mark
Simpson, Mr Keith
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Smith, Sir Robert
Soames, rh Nicholas
Soubry, Anna
Spencer, Mr Mark
Stephenson, Andrew
Stewart, Iain
Streeter, Mr Gary
Stride, Mel
Stuart, Mr Graham
Sturdy, Julian
Swales, Ian
Swayne, rh Mr Desmond
Swinson, Jo
Syms, Mr Robert
Tapsell, rh Sir Peter
Teather, Sarah
Thurso, John
Tomlinson, Justin
Truss, Elizabeth
Tyrie, Mr Andrew
Uppal, Paul
Vara, Mr Shailesh
Vickers, Martin
Walker, Mr Charles
Walker, Mr Robin
Ward, Mr David
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
Whittaker, Craig
Wiggin, Bill
Williams, Mr Mark
Williams, Roger
Williams, Stephen
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Simon
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Ayes:
Mark Hunter and Jeremy Wright

NOES

Abbott, Ms Diane
Abrahams, Debbie
Alexander, Heidi
Ali, Rushanara
Allen, Mr Graham
Anderson, Mr David
Austin, Ian
Bailey, Mr Adrian
Bain, Mr William
Banks, Gordon
Barron, rh Mr Kevin
Beckett, rh Margaret
Begg, Dame Anne
Benton, Mr Joe
Berger, Luciana
Betts, Mr Clive
Blackman-Woods, Roberta
Blomfield, Paul
Blunkett, rh Mr David
Brennan, Kevin
Brown, Lyn
Bryant, Chris
Buck, Ms Karen
Byrne, rh Mr Liam
Campbell, Mr Alan
Campbell, Mr Ronnie
Caton, Martin
Chapman, Mrs Jenny
Clark, Katy
Clarke, rh Mr Tom
Clwyd, rh Ann
Connarty, Michael
Corbyn, Jeremy
Crausby, Mr David
Creagh, Mary
Creasy, Stella
Cruddas, Jon
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Curran, Margaret
Dakin, Nic
Danczuk, Simon
David, Mr Wayne
Davidson, Mr Ian
Davies, Geraint
De Piero, Gloria
Denham, rh Mr John
Dobbin, Jim
Docherty, Thomas
Donohoe, Mr Brian H.
Doran, Mr Frank
Doyle, Gemma
Dromey, Jack
Dugher, Michael
Durkan, Mark
Eagle, Ms Angela
Eagle, Maria
Edwards, Jonathan
Efford, Clive
Elliott, Julie
Elman, Mrs Louise
Esterson, Bill
Evans, Chris
Flint, rh Caroline
Flynn, Paul
Fovargue, Yvonne
Gapes, Mike
Gardiner, Barry
Gilmore, Sheila
Glass, Pat
Goggins, rh Paul
Greatrex, Tom
Green, Kate
Greenwood, Lilian
Griffith, Nia
Hain, rh Mr Peter
Hamilton, Fabian
Hanson, rh Mr David
Harris, Mr Tom
Havard, Mr Dai
Hendrick, Mark
Hepburn, Mr Stephen
Hermon, Lady
Heyes, David
Hillier, Meg
Hilling, Julie
Hodge, rh Margaret
Hodgson, Mrs Sharon
Hoey, Kate
Hopkins, Kelvin
Hosie, Stewart
Hunt, Tristram
Irranca-Davies, Huw
Jackson, Glenda
Jamieson, Cathy
Johnson, Diana
Jones, Graham
Jones, Helen
Jones, Susan Elan
Joyce, Eric
Kaufman, rh Sir Gerald
Khan, rh Sadiq
Lavery, Ian
Lazarowicz, Mark
Leslie, Chris
Lewis, Mr Ivan
Llwyd, rh Mr Elfyn
Long, Naomi
Love, Mr Andrew
Lucas, Caroline
Lucas, Ian
Mactaggart, Fiona
Mann, John
Marsden, Mr Gordon
McCann, Mr Michael
McCarthy, Kerry
McClymont, Gregg
McDonagh, Siobhain
McDonnell, John
McGuire, rh Mrs Anne
McKechin, Ann
McKinnell, Catherine
Mearns, Ian
Michael, rh Alun
Mitchell, Austin
Moon, Mrs Madeleine
Morden, Jessica
Morrice, Graeme *(Livingston)*
Morris, Grahame M. *(Easington)*
Mudie, Mr George
Murphy, rh Paul
Murray, Ian
Nandy, Lisa
Nash, Pamela
O'Donnell, Fiona
Onwurah, Chi
Osborne, Sandra
Owen, Albert
Pearce, Teresa
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reynolds, Jonathan
Riordan, Mrs Linda
Robertson, Angus
Robertson, John
Robinson, Mr Geoffrey
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruane, Chris
Sarwar, Anas
Seabeck, Alison
Sharma, Mr Virendra
Sheerman, Mr Barry
Sheridan, Jim
Shuker, Gavin
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew
Smith, Angela
Smith, Nick
Smith, Owen
Spellar, rh Mr John
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr Gerry
Tami, Mark
Thomas, Mr Gareth
Thornberry, Emily
Timms, rh Stephen
Turner, Karl
Twigg, Derek
Umunna, Mr Chuka
Vaz, rh Keith
Vaz, Valerie
Walley, Joan
Weir, Mr Mike
Whitehead, Dr Alan
Williams, Hywel
Wilson, Phil
Winnick, Mr David
Winterton, rh Ms Rosie
Wood, Mike
Wright, David
Wright, Mr Iain

Tellers for the Noes:
Tom Blenkinsop and Mr David Hamilton

Question accordingly agreed to.

Ordered,

That—

1. Standing Order No. 80A (Carry-over of bills) shall be amended as follows—

(a) in line 7, after the word 'motion', insert the words '(other than a motion relating to a bill brought in upon a ways and means resolution)', and

(b) in line 23, at end, insert the words '(other than a bill brought in upon a ways and means resolution)'; and

2. the following new Standing Order be made—

'(1) The Speaker shall put any question necessary to dispose of proceedings on a carry-over motion of which a Minister of the Crown has given notice under Standing Order No. 80A (Carry-over of bills) relating to a bill brought in upon a ways and means resolution—

(a) forthwith if the motion is made on any day before the bill is read a second time, or on the day the bill is read a second time; or

(b) not more than one and a half hours after the commencement of proceedings on the motion if the motion is made at any other time.

(2) The following paragraphs of this order shall apply to any bill ordered to be carried over to the next Session of Parliament in pursuance of a carry-over motion to which paragraph (1) applies.

(3) If proceedings in committee on the bill are begun but not completed before the end of the first Session, the chair shall report the bill to the House as so far amended and the bill and any evidence received by the committee shall be ordered to lie upon the Table.

(4) In any other case, proceedings on the bill shall be suspended at the conclusion of the Session in which the bill was first introduced.

(5) In the next Session of Parliament, a Minister of the Crown may, after notice, present a bill in the same terms as the bill reported to the House under paragraph (3) of this order or as it stood when proceedings were suspended under paragraph (4) of this order; the bill shall be read the first time without question put and shall be ordered to be printed; and paragraphs (6) to (13) shall apply to the bill.

(6) In respect of all proceedings on the bill, any resolution which the bill was brought in upon in the first Session shall be treated as if it were such a resolution of the House in the next Session and any reference in any resolution upon which the bill was brought in to a Bill or Act of the present Session shall be treated in the next Session as a reference to a Bill or Act of that Session.

(7) In respect of all proceedings on the bill, the bill shall be treated as a bill brought in upon ways and means resolutions.

(8) If the bill was read a second time in the first Session, it shall be read a second time without question put.

(9) If the bill was not set down for consideration at any time in the first Session, any committal order in respect of the bill shall apply to proceedings on the Bill in the next Session (subject to paragraphs (10) and (11)).

(10) If the bill was reported from a public bill committee under paragraph (3), it shall stand committed to a public bill committee in respect of those clauses and schedules which were committed to a public bill committee in the first Session and not ordered to stand part of the bill in that Session.

(11) If the bill was reported from a committee of the whole House under paragraph (3), it shall stand committed to a committee of the whole House in respect of those clauses and schedules which were committed to a committee of the whole House in the first Session and not ordered to stand part of the bill in that Session.

(12) If the bill was read a second time in the first Session and was not set down for consideration at any time in that Session, any order of the House giving leave for a committee on the bill to sit twice on the first day on which it meets in the first Session shall apply to the first day on which the committee meets in the next Session.

(13) If the bill was set down for consideration at any time in the first Session, the bill shall be set down as an order of the day for (as the case may be) consideration, further consideration or third reading.

(14) Notices of amendments, new clauses and new schedules given in respect of parts of the bill not disposed of in the first Session shall be reprinted as notices in respect of the bill as presented and proceeded with under paragraph (5).'.

THIRD READING (BILLS BROUGHT IN UPON A WAYS AND MEANS RESOLUTION)

Ordered,

That Standing Order No. 77 (Third reading) be amended by adding at the end—

'(2) The third reading of a bill brought in upon a ways and means resolution may be taken at the same sitting of the House as its consideration on report.'.—*(Mr Heath.)*

SESSIONALITY (SUPPLY)

Resolved,

That, notwithstanding the practice of the House as to the legislative authorisation of (a) appropriation of expenditure and (b) maximum numbers for defence services, legislative authorisation of appropriation of Votes on Account and maximum numbers for defence services may take place on a day not later than 5 August in the Session following that in which the founding resolutions for the forthcoming financial year were agreed to by the House.—*(Mr Heath.)*

CONSIDERATION OF ESTIMATES

Ordered,

That—

(1) Standing Order No. 54 (Consideration of estimates) shall apply for the remainder of this Session as if, for the word 'Three' in line 1, there were substituted the word 'Five';

(2) Standing Order No. 54 (Consideration of estimates) shall be amended in accordance with paragraphs (3) to (7) of this order;

(3) in line 1, leave out 'before 5 August,';

(4) in line 13, at end, insert 'Provided that the foregoing provisions of this paragraph shall not apply on any day on which time has been allocated pursuant to paragraph (2)(b) of Standing Order No. 24 (Emergency debates).';

(5) leave out lines 25 to 34 and insert—

'Provided that on days on which time has been allocated pursuant to paragraph (2)(b) of Standing Order No. 24 (Emergency debates) or the Chairman of Ways and Means has set down opposed private business under paragraph (5) of Standing Order No. 20 (Time for taking private business), proceedings under this sub-paragraph shall not be entered upon until the business in question has been disposed of and may then be proceeded with for three hours, notwithstanding the provisions of Standing Order No. 9 (Sittings of the House).';

(6) in line 38, leave out 'hour prescribed under paragraph (5)'

and insert 'day and hour prescribed under paragraph (6)';

(7) in line 40, leave out paragraph (5) and add—

'(5) Any estimates on which questions have been deferred to another day in accordance with the provisions of paragraphs (4) and (6) of this order, together with any questions so deferred, and all other estimates appointed for consideration on any previous day or half day allotted under this order shall be set down for consideration on the day to which the questions have been deferred.

(6) On the day to which the provisions of paragraph (2) or (4) of Standing Order No. 55 (Questions on voting of estimates, &c.) apply which falls after or on any day or half-day allotted under this order, the Speaker shall, at the time prescribed in paragraph (1) of that order, put, successively, any questions deferred under paragraph (4) of this order on any previous day or half day allotted under this order, any questions deferred under paragraph (4) of this order on the day and any questions necessary to dispose of proceedings on all other estimates appointed for consideration on any day or half day allotted under this order.';

(8) Standing Order No. 15 (Exempted business) shall be amended, in line 41, by leaving out '(5)' and inserting '(6)'; and

(9) Standing Order No. 41A (Deferred divisions) shall be amended, in line 23, by leaving out '(5)' and inserting '(6)'.—*(Mr Heath.)*

QUESTIONS ON VOTING OF ESTIMATES, &C.

Ordered,

That Standing Order No. 55 (Questions on voting of estimates, &c.) shall—

(1) apply for the remainder of this Session with the following amendments—

(a) in line 1, leave out 'paragraphs (2), (3) or (4)' and insert 'paragraph (2) or (4)';

(b) in line 2, leave out 'the Speaker shall at the moment of interruption' and insert ', at the moment of interruption or as soon thereafter as proceedings under the proviso to paragraph (3)(b) of Standing Order No. 54 (Consideration of estimates) have been disposed of, the Speaker shall (after putting any questions required to be put under paragraph (6) of Standing Order No. 54)';

(c) in line 9, leave out '6 February' and insert '18 March';

(d) in line 14, at end, insert—

'(c) votes relating to numbers for defence services;

(d) excess votes, provided that the Committee of Public Accounts has reported that it sees no objection to the amounts and modifications to limits on appropriations in aid necessary being authorised by excess vote.';

(e) in line 15, leave out paragraph (3); and

(f) in line 33, leave out 'paragraphs (2), (3) or (4)' and insert 'paragraph (2) or (4)'.

(2) be amended with effect from the start of next Session as follows—

(a) in line 1, leave out 'paragraphs (2), (3) or (4)' and insert 'paragraph (2) or (4)';

(b) in line 2, leave out 'the Speaker shall at the moment of interruption' and insert ', at the moment of interruption or as soon thereafter as proceedings under the proviso to paragraph (3)(b) of Standing Order No. 54 (Consideration of estimates) have been disposed of, the Speaker shall (after putting any questions required to be put under paragraph (6) of Standing Order No. 54)';

(c) in line 6, leave out the words 'and limits on appropriations in aid,';

(d) in line 9, leave out '6 February' and insert '18 March';

(e) in line 14, at end, insert—

'(c) votes relating to numbers for defence services;

(d) excess votes, provided that the Committee of Public Accounts has reported that it sees no objection to the amounts necessary being authorised by excess vote.';

(f) in line 15, leave out paragraph (3);

(g) in line 29, leave out ', and limits on appropriations in aid,'; and

(h) in line 33, leave out 'paragraphs (2), (3) or (4)' and insert 'paragraph (2) or (4)'.—*(Mr Heath.)*

Opposition Day

[UN-ALLOTTED HALF DAY]

Unemployment

2.36 pm

Mr Liam Byrne (Birmingham, Hodge Hill) (Lab): I beg to move,

That this House believes that the Government's policies of cutting spending and raising taxes too far and too fast have resulted in the UK economy flat-lining for 12 months, well before the recent eurozone crisis; notes that unemployment has reached a 17-year high and over-50s unemployment has risen sharply; further notes that slower growth and higher unemployment makes it harder to get the deficit down and that the Office for Budget Responsibility forecasts a further rise in unemployment to 8.7 per cent., a rise in the benefits bill of £29 billion, and an increase in projected borrowing of £158 billion; agrees with the IMF's warning that 'consolidating too quickly will hurt the recovery and worsen job prospects' and that the Government should 'have a heightened readiness to respond, particularly if it looks like the economy is headed for a prolonged period of weak growth and high unemployment'; and, in light of the Office for Budget Responsibility forecasts published on 29 November 2011, calls on the Government to reconsider its refusal to adopt the Opposition's five point plan for jobs which includes creating 100,000 jobs for young people and building 25,000 affordable homes using funds raised from a tax on bank bonuses, bringing forward long-term investment projects, temporarily reversing the January 2011 VAT rise, a one-year cut in VAT to 5 per cent. on home improvements, and a one-year national insurance tax break for every small firm which takes on extra workers.

It is a shame that the Secretary of State for Work and Pensions has chosen not to be present for the third Opposition day debate on unemployment and living standards. We rely, I hope, on the Minister for unemployment to relay back the nature of today's debate and discussion.

The House meets to debate the motion after more grim news on jobs this morning. Grim news on jobs this month has followed grim news on the Budget last month. Once again we have seen this morning how the Chancellor's decision to clobber the recovery is clobbering families all over our country. Once again we have heard of families losing their jobs because of this Government's decision to cut too far and too fast, and once again we see the consequences of this Government's decision to stand easy while millions of people in our country are now standing idle.

Not even the Minister for unemployment could spin his way through the statistics published this morning—unemployment up by 128,000, employment down, vacancies down and the public sector now losing jobs 13 times faster than the private sector is creating them. We do not have to look very far for the root cause of this unalloyed misery for families 11 days before Christmas. The Chancellor laid it out for us just a fortnight ago. Last year he was boasting about delivering cuts that were £40 billion greater than the cuts planned by Labour. Last year he was boasting about how Britain had suddenly become a safe haven. Last year he was so pleased with himself that he said this country was out of the danger zone. How hollow those words ring today.

The autumn statement laid bare the catastrophic failure of the Chancellor's policy—growth flat lining for a year, borrowing up £37 billion higher than the plan drawn up by my right hon. Friend the Member for Edinburgh South West (Mr Darling), welfare up by £29 billion, and debt up an extraordinary £158 billion higher than forecast, which is £6,500 more for every house in this country. Borrowing, welfare bills and national debt are all higher, but growth is nowhere to be seen.

David T. C. Davies (Monmouth) (Con): The right hon. Gentleman appears to be criticising the Government for borrowing more money. How much more money would he have borrowed, had he been in government?

Mr Byrne: If the hon. Gentleman had been listening carefully, he would have heard me answer that question. The plan that my right hon. Friend the Member for Edinburgh South West and I set out entailed borrowing that was £37 billion lower than that outlined by the Chancellor in his autumn statement a couple of weeks ago. That is of grave concern to the number of people who are now out of work, especially young people in the hon. Gentleman's constituency, where long-term youth unemployment has gone up by 128% this year, which must surely concern him.

The Minister of State, Department for Work and Pensions (Chris Grayling): Will the right hon. Gentleman give way?

Mr Byrne: I will in a moment.

Amid these difficulties, people in this country expect the Minister for work to do something about it, and I think that I speak for many Members of the House when I say that most right-thinking people in this country believe that the Government should be doing more to get people back to work.

During Work and Pensions questions a month ago I pressed the Secretary of State to tell us what exactly he is doing to get Britain back to work. A vast constellation of initiatives was set out, including work clubs, work experience, apprenticeship offers, sector-based work academies, the innovation fund, the European social fund, the skills offer, the access to apprenticeships programme, Work Together, the Work programme, Work Choice and mandatory work activity. Listening to that list, I became slightly puzzled. With such sweat being worked up at the Department for unemployment, surely we could expect the country's unemployed to be positively flowing back into jobs. Members can imagine my surprise when I saw the Office for Budget Responsibility's forecast that, amid that blizzard of initiatives, unemployment is forecast to go up. How can that be?

We asked the Secretary of State to tell us just how many jobs have been created by this glorious expenditure of energy at his Department. This is what we were told in a written answer in *Hansard*. On Work Choice, no statistics will be available until spring 2012. On mandatory work activity, no statistics will be available until February 2012. On work clubs,

"the data requested are... not available."

On work experience, a link was provided to a website that says nothing about jobs actually created. On apprenticeship offers, we were told:

"Information on the number of people placed in work through apprenticeship offers... is not available."

On sector-based work academies, we were told that

"there is no national requirement for districts to record and report job outcomes achieved."

On the skills offer, "information... is not available." On Work Together,

"the data requested are not available."

On the innovation fund,

"no young people have been placed into work at this point."—[*Official Report*, 21 November 2011; Vol. 536, c. 122W.]

Here we are, with unemployment going through the roof and the OBR telling us that unemployment is forecast to rise again next year, but despite the multiplicity of schemes laid out by the Secretary of State, who cannot be bothered even to come along to the debate, he cannot tell us how many people are going into work as a result of the spending his Department has in place, with the exception of one programme. The one initiative—it is buried in his answer in *Hansard*—run by his Department that he can claim is actually creating jobs is the programme financed by the European Union. He said:

"European Social Fund support has achieved 75,671 job outcomes from July 2008 to October 2011."—[*Official Report*, 21 November 2011; Vol. 536, c. 122W.]

No doubt that is why he is urging his right hon. Friend the Prime Minister to get the hell out of the EU.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): Are not leadership, boldness and imagination missing from that catalogue? With 1 million young people unemployed, surely we need something that captures the imagination—for instance, by using young unemployed graduates to train other people in the community and in the environment. We need imagination now.

Mr Byrne: My hon. Friend is absolutely right, and he has been a long-standing champion of the need to get young people into work and, crucially, equip them with the skills to succeed in the workplace, but I am afraid that we have a deficit of that from the Government. It is an embarrassment for the Minister that he is unable to tell the House how many people his schemes are getting into work. The Secretary of State appears to have so much confidence in the schemes that he cannot be bothered to turn up this afternoon. However, I want to make a more substantive point about the Minister's flagship scheme.

Mrs Anne Main (St Albans) (Con): Will the right hon. Gentleman give way?

Mr Byrne: I will in a moment, but first I want to make one point about the Work programme.

The Work programme is a new scheme that builds on the flexible new deal. We have said that if it works and delivers value for money we will keep it in place, but the Minister must accept that worries about the programme are growing. *[Interruption.]* I am delighted that the Secretary of State has been able to join us to hear this important point. The Minister for unemployment has repeatedly told the House that he cannot produce statistics on how well the Work programme is doing, and I completely understand his caution. I think that he is the only Minister who has been formally warned by the chairman of the UK Statistics Authority, who last year said that the Minister's use of figures was

"likely to damage public trust in official statistics".

No doubt he has repented for that sin and is seeking redemption, and I understand that he apologised and is certain not to repeat the offence. If the Work programme was working, surely the Department's statistics would show that more and more people were flowing off benefits and into work. That is a simple test we can apply, but the problem is that the figures do not show that.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): On that basis, how does my right hon. Friend, as a fellow Birmingham MP, react to the fact that in the past year, between November 2010 and November 2011, the number of young people in Birmingham claiming jobseeker's allowance increased by 19%, which is the worst figure for all core cities in the country?

Mr Byrne: That is an extremely serious problem for Birmingham, and my hon. Friend is absolutely right to draw the House's attention to it, but there is a more widespread problem if the rate of people flowing off benefits into work is not rising. Research by the House of Commons Library for my office, which we are publishing this afternoon, shows that fewer people are flowing from benefits into work than at any point since 1998. That fall coincides with the Government's decision last year to cancel the flexible new deal and the future jobs fund. Since January, when the future jobs fund ended, the percentage of people flowing off benefits and into work has fallen by a fifth. Between May and August last year, when the new scheme was being worked up, 86,000 fewer people came off benefits and into work than the year before. Surely Government Members would accept that that is simply not good enough.

Oliver Heald (North East Hertfordshire) (Con): Does the right hon. Gentleman not accept that the future jobs fund was not about providing long-term jobs, but about short-term work placements of six months in the public sector? What is the point of that? If he wants to talk about solid outcomes for the future, he should not be talking about the future jobs fund, because within weeks the people involved were out of work again.

Mr Byrne: Let me say as diplomatically as I can to the hon. Gentleman that since the future jobs fund closed long-term youth unemployment in his constituency has gone up by 43%. He must accept that the future jobs fund was helping to keep young people in work. We know, as Ministers accept, that keeping young people close to the labour market, close to jobs and close to the habits of work is a good thing.

Oliver Heald: We all agree that keeping young people close to the labour market is important, and the advantage of what the Government are proposing is that it is in the private sector, where the jobs will come, where those opportunities are being given. Does the right hon. Gentleman not accept that in all the years when Labour was in government the number of people not in education, employment or training stood at a very high level and barely moved, despite all the growth?

Mr Byrne: Let me repeat that when Labour was elected in 1997, youth unemployment was about 14%. It came down to about 12% before the recession and then, yes, of course it went up during the recession, as all

[Mr Byrne]

unemployment did. But rather than sit there doing nothing, as this Government have over the past year and a half, we chose to act. That is why youth unemployment was coming down before the election and why, since this Government were elected, it has gone up to record highs and has done so again this morning. That is surely not a record of which the hon. Gentleman can be proud.

Mrs Main: If the right hon. Gentleman wishes young people to be near the labour market, does he regret presiding over the lowest number of social housing units ever developed under a prosperous Government? That means that young people cannot have social housing at an affordable level and are therefore unable to access jobs in areas where there are high house values.

Mr Byrne: We do wish that more houses had been built over the past year, and that is precisely why we have said that a sensible tax on bankers' bonuses could create the funds to build 20,000 new homes. Why does the hon. Lady oppose that policy?

John Cryer (Leyton and Wanstead) (Lab): Will my right hon. Friend confirm that 65,000 jobs have been lost in the construction sector alone, and that that is because of the slump in building across the board?

Mr Byrne: That is absolutely right. The construction sector has taken an absolute hammering since this Government took office, not least because of their foolhardy decision to get rid of infrastructure projects and building projects such as Building Schools for the Future that would have equipped many of our young people with the facilities needed to deliver a world-class education in the years to come.

Chris Grayling: Will the shadow Minister be extremely careful about the information that he lays before the House? Last month, in our previous debate on this subject, I told him that Department for Work and Pensions statisticians had made a comparison between youth unemployment lasting for more than six months as of now and two years ago, and that on a like-for-like measure there has been virtually no change. He keeps insisting that there has been a substantial increase, but the civil service statisticians say that that is not correct. Will he please stop making that assertion to this House?

Mr Byrne: I know that, like me, hon. Members will have read last year's letter to the right hon. Gentleman from Sir Michael Scholar. The letter was very assertive about the way the right hon. Gentleman had used statistics before. I am happy to lay the letter before the House for those who have not seen it. I am also happy to show the Minister figures produced by the House of Commons Library, which show that since January long-term youth unemployment has risen by over 90%. That is a badge of shame for this Government, and the Minister should be doing more to get our young people back to work.

Susan Elan Jones (Clwyd South) (Lab): Does my right hon. Friend share my view that the Government seem to be stuck in an ideological Tardis in their view of the public-private divide in the economy? A case in point is what they have done to the solar panel industry. We have seen massive job losses in the private sector because of a loss of private and public sector contracts. It is amazing that the Government cannot seem to get hold of this concept.

Mr Byrne: My hon. Friend is absolutely right. We were promised that this was going to be the greenest Government ever, but a wide group of green and conservation organisations now say that the Government are comprehensively failing to meet that commitment. We all know that one of the key growth sectors for the future has to be low-carbon industries. The Government should therefore be doing more to get people into work in these sectors, not least by providing some regulatory certainty about the future.

Let me finish my point about the collapse in the rate of people flowing off benefits and into work. There is a very basic test. The Minister's plan is not working unless it is getting more people off benefits and into work, unless the unemployment bill is coming down, and unless it is really making a difference—and right now, he is failing on every single count.

Steve Rotheram (Liverpool, Walton) (Lab): Does my right hon. Friend agree that the 227 additional people who have joined the dole queue in Liverpool, Walton may be seen by the Conservatives as just collateral damage from their failed economic policy, but for each of those individuals, although they are a statistic to the Government, theirs is a personal tragedy? Does he agree that they are still the same old Tories who believe that unemployment is a price worth paying?

Mr Byrne: Many will draw exactly that conclusion, not least because when they see a Secretary of State who is unable to come to this House and set out how many jobs his various initiatives are creating, they must conclude that he simply cannot be bothered to find out.

I want to spell out how two particular groups are being pretty badly hit by this Government's policies. The human cost of the Government's failure to get people back to work, to which my hon. Friend the Member for Liverpool, Walton (Steve Rotheram) alluded, will be on everybody's minds this afternoon. When families get together this Christmas, there will be plenty of anxious talk about the year ahead. This House has debated many times before the dangers of creating a lost generation, and today that news got even worse. Youth unemployment is up by 54,000. As my right hon. Friend the Leader of the Opposition said earlier today, long-term youth unemployment is up this year by 93%. Two hundred and seventy of us now represent constituencies where long-term youth unemployment has risen by over 100%. That is simply not good enough.

Jim Sheridan (Paisley and Renfrewshire North) (Lab): As someone who spent three years unemployed due to the activities of the Economic League, I well understand the indignity that unemployment brings. One of the things that kept me sane during that period was the ability to go along to the jobcentre and speak to people who could help me to get back into work. This Government are now closing the jobcentres.

Mr Byrne: That points to a wider problem.

Chris Grayling: Nonsense!

Mr Byrne: The Minister says that this is nonsense. I am afraid that he will be giving the House the illusion that he is not taking the figures that we saw this morning seriously enough. He went on the media this morning and said that today's figures, which show youth unemployment rising to the highest level this country has ever seen, represented a stabilisation in the labour market. When youth unemployment is going up, overall unemployment is going up, and women's unemployment is going up, that is not stabilisation—it is a tragedy for the people those figures represent, and he should be doing more to get them back into work.

Geraint Davies (Swansea West) (Lab/Co-op): Does my right hon. Friend agree that it was a massive strategic error for the Government to announce over a year ago that they were going to get rid of half a million public sector jobs? Public servants spent less because they thought they were going to lose their jobs. Together with two years of a 1% pay freeze, which will reduce real incomes by 17%, and the attempt to dress up a 3% change in income tax as a pension contribution, that has massively deflated the amount of consumption in the economy and given rise to flat lining growth.

Mr Byrne: My hon. Friend makes an extremely good point. The recovery has been clobbered, and as a result the welfare bill is now going through the roof. That is a bill that the rest of us are going to have to pay.

We now have, since we last met, a youth contract on the table. That is a recognition that it was a mistake to get rid of the future jobs fund and to leave instead, for two years, no active programme for getting young people back into work. That was a grave error. The shame is that this contract was paid for by a botched deal between the Deputy Prime Minister and the Chancellor; I do not think that the Secretary of State was even in the room. He should remember that if you are not in the room, it is quite hard to influence the decision. What emerged from the quartet, as I think it is quaintly called, was a shabby settlement that took money off hard-pressed parents with children to pay for this Government's failure to get young people back to work. In the past, the Secretary of State has talked a lot about the marriage penalty, and there are sympathisers with his argument on both sides of the House. However, he too must now recognise that he is presiding over the biggest parents' penalty that we have ever seen introduced into the benefits system, with twice the amount of money being taken off children and families than will be taken off the bankers over the course of this Parliament. Surely Government Members cannot be proud of that.

I want to ask a couple of questions about the youth contract to which I hope the Minister will be able to respond. First, will he admit that 53,000 work subsidies this coming year is far too few for the task that we have in hand? That equates to only one opportunity for every 20 young people now unemployed. Secondly, in 2009—this is perhaps of interest to the hon. Member for North East Hertfordshire (Oliver Heald)—Labour introduced a form of work subsidy, but the take-up was not great and the Conservative party attacked it remorselessly. What has accounted for the sudden change of heart over work subsidies? Thirdly, and perhaps most importantly given the Minister's concern about statistics, when will we find out how many people the youth contract is getting back into work? Will it be Work programme providers who operate the schemes? If so, why do so many of them appear to be completely in the dark about the scheme and its introduction? If the contract proves not to work in short order, will the Government consider reintroducing Labour's future jobs fund, which was such a success?

Ann McKechin (Glasgow North) (Lab): I share my right hon. Friend's concern about the fact that we still have no details regarding the youth contract. I asked the Minister last week how much of the programme would be spent in Scotland and he could provide me with no information whatever. No one in Scotland, including Work programme providers, private employers and those in the public sector, has any idea what they have to plan with or to work with. That is simply hopeless when so many people are out of work.

Mr Byrne: That was indeed a very disappointing answer to my hon. Friend, particularly considering today's rise in unemployment in Scotland.

I want to highlight one other group of workers who have been particularly badly hit. The over-50s are now losing jobs at a faster pace. The number of people in that group in Britain who have been unemployed for more than a year has risen by about 25% this year. Such workers often fear that they will not get back into work again and that they will be thrown on to some kind of silver scrap heap. The picture of the country that emerged this morning is terrible: long-term unemployment among the over-50s is up by 21% and in seven regions—Wales, the north-east, the east midlands, London, the north-west, the south-west and the west midlands—it is even higher. More than 50 Members of this House now represent constituencies where the rise in long-term unemployment among the over-50s is more than 50%. That is surely unacceptable and it surely demands a response from the Government.

Mr David Winnick (Walsall North) (Lab): Will my right hon. Friend bear it in mind that that situation is very much like what happened in the 1980s? People in their late 40s, let alone those in their 50s, were made redundant when there were two major recessions. Many of them were never to work again. That is the humiliation that was heaped on our fellow citizens. Although the Government and Tory Members do not seem to be much concerned—only five Tory MPs are present, leaving aside the Parliamentary Private Secretary—the tragedy is that there is now a repeat of what occurred at that time.

Mr Byrne: My hon. Friend is right to remind us of what happened in the 1980s. Of course, that was the decade when the number of those left to languish on incapacity benefit went through the roof.

Our motion calls on the Government to change course. We call on the Government to learn from today's figures, to remember our young people, and to listen to the worries of the over-50s. We want them to change course and give us a real plan for getting people back to work and for creating growth. We think that there is another way and that the Government need to listen, and fast.

[Mr Byrne]

This is perhaps the last debate that I will lead for the Opposition this year. I want to conclude by looking ahead to an important anniversary next year—the 70th anniversary of the Beveridge report. I think that it is appropriate to mark the achievement of that very different kind of alliance; an alliance that genuinely acted in the national interest. The report was commissioned by a Labour Minister, written by a Liberal and welcomed by a nation. The Beveridge report provided the foundation for the welfare state created by the Attlee Administration. It was a welfare state that freed people from fear and it was created on the proceeds of full employment. I believe that the goal of full employment should once again be our aim. I hope that next year we can celebrate the achievement of that progressive alliance by rededicating ourselves to the idea that politics can make a difference, that politics can author the policies that get this country back to work once again, and that politics once again can offer this country freedom from fear.

I commend the motion to the House.

3.4 pm

The Minister of State, Department for Work and Pensions (Chris Grayling): I rise to take part in episode two of the debate that we began a month ago.

Let me start by saying, once again, that this Government regard unemployment among people of all ages as bad, although youth unemployment is a particular concern. All unemployment is bad and it will remain a priority for this Government to deal with the issue, to help those who are unemployed back into work, and to create an environment in which businesses are able to grow, develop and create jobs. We will do everything that we can to tackle this genuine blight, which causes concern for Members on both sides of this House. It is a problem that we must tackle.

I must also say, however, that I have seldom in this House heard such a load of complete nonsense as I have just heard from the shadow Secretary of State. He used statistics that bear no relation to the truth and he made an argument based on achievements of the previous Government that bear no relation to reality. We need to remember that it was the Labour Government who brought us youth unemployment of nearly 1 million, unemployment of 2.5 million, a deep recession, the biggest peacetime financial deficit in our history, and a Chief Secretary to the Treasury who was best known not for his taste in cappuccino or the memos that he sent to his staff, but for the note that he left behind, saying that "there's no money left".

Mr Byrne: The whole House is enjoying the Minister's frivolity with such a serious issue. Will he just remind us how much extra the Chancellor proposes to borrow over and above the plans that he set out before the House last year? Is it a figure not unadjacent to £158 billion more than he forecast?

Chris Grayling: Had we followed the economic strategy of the right hon. Gentleman when he was at the Treasury and of his former boss, the former Prime Minister, not only would we be in the same kind of financial predicament today that some of our European partners are in, but we would have unemployment that is much higher today than it is.

Sheila Gilmore (Edinburgh East) (Lab): The report issued by the Office for Budget Responsibility at the time of the autumn statement made it clear that the boom was greater and the recession sharper and deeper than had previously been thought. It also stated that the recovery in 2009 was stronger than had previously been thought, and that it was brought to an abrupt halt in the second half of 2010. Perhaps the Minister would like to reflect on what happened in 2010 to change things.

Chris Grayling: What the hon. Lady has missed is that the OBR said at the time of the autumn statement that the structural deficit—not the cyclical deficit—that we inherited from the previous Government was much worse than it had previously believed. That means that the economic legacy that we inherited was much worse than we had previously believed. It is therefore a much bigger task to overcome that and to get the economy growing again, to get jobs being created again and to get Britain moving.

Mr Sheerman: I know that the Minister cares about this issue and that we are going to have point scoring. However, a million young people and their many millions of parents and friends are waiting for something to happen. Point scoring will not help them. The shadow Secretary of State finished by remembering the 70th anniversary of the Beveridge report. He was offering an olive branch. In that spirit, why can the Government not say, "Let's all get around a table and find something together that helps the young unemployed people in this country."?

Chris Grayling: The hon. Gentleman will learn, if he listens to my speech, that we are already doing things. We have delivered a package of support that will make a significant difference to the lives of the unemployed.

We keep hearing about a mythical two-year gap in provision. I remind the Opposition that the programmes that we inherited from them finished only three months ago. Today's unemployment figures cover part of the period when the previous Government's programmes were continuing.

Let me take up the points that the right hon. Member for Birmingham, Hodge Hill (Mr Byrne) made about this morning's unemployment figures. He questioned why I had said this morning that the labour market had showed some signs of stabilisation. Let me explain why. It is because over the past month, employment has risen by 38,000 and unemployment has risen by 16,000, a number that is considerably exceeded by the change in activity levels. The youth unemployment figure, excluding full-time students, has remained static, and the jobseeker's allowance claimant count has risen by 3,000, whereas the total number of people who have moved off incapacity benefit and income support as a result of our welfare reforms is 10,000. Those are one month's figures and certainly do not reflect a long-term change, but they are at least a sign of some stabilisation in the labour market. I think he would and should welcome that.

Kate Green (Stretford and Urmston) (Lab): I want to return to the Minister's point about the previous programmes having only just come to a conclusion. He surely accepts that they were running down. If someone started on a future jobs fund programme at the very end

of its life, that individual would inevitably be in work for a further six months. However, that does not mean that there was not a substantial gap between the announcement of the closure of some programmes and the Government finally getting around to opening up a new programme, the youth contract, which we understand will not actually come into effect until next April.

Chris Grayling: That is simply not correct. We managed a transition strategy that kept existing programmes going until the first part of this autumn, precisely to ensure that there was not a gap in provision between what we inherited and what we were putting in place.

Oliver Heald: Does my right hon. Friend share my consternation that Opposition Front Benchers are saying that they would reintroduce the future jobs fund, given that it was an entirely public sector operation providing work placements but no permanent jobs for the future? Surely it is much better to go with the private sector option, as the Government are talking about. That is a way of providing jobs for the future.

Chris Grayling: I absolutely agree, and that is central to what we are trying to achieve. The measures that we are putting in place, which I will set out for the House in a moment, are designed to ensure that we help young people, indeed people of all ages, to move into roles in the private sector, where there is a long-term, sustained opportunity for them to build careers.

Ian Austin (Dudley North) (Lab): Is it or is it not the case that Jaguar-Land Rover in the west midlands provided placements for young people through the future jobs fund?

Chris Grayling: The hon. Gentleman will know that in order for a private sector organisation to participate in the future jobs fund, it had to set up a special purpose vehicle to work around European Union state aid rules. The result was that virtually all placements under the future jobs fund were in the public and community sector. In putting in place additional programmes, providing apprenticeships and providing a subsidy through the youth contract, we are focusing support on roles in the private sector.

Ms Gisela Stuart: I will focus not on the over-50s, because I would have to declare an interest, but on 18 to 24-year-olds. In Birmingham, 15,600 of them are claiming jobseeker's allowance. If the Minister is so focused on private sector job creation, will he give me one example of how he is encouraging the private sector in Birmingham to get jobs for that lost generation, rather than providing a programme of aid?

Chris Grayling: I will set out in a moment how our work experience scheme, for example, is succeeding in helping young people to move into work in the private sector.

Mr Robert Syms (Poole) (Con): Youth unemployment started rising in 2004 and peaked at nearly 1 million in 2009. Will my right hon. Friend set out the facts about that in an honest and straightforward manner? The problems did not start in 2010.

Chris Grayling: My hon. Friend makes an important point. From listening to the Opposition, one would believe that the problem had simply emerged in the past few months. One would not believe that unemployment among young people was almost 1 million when Labour left office. Indeed, the total number of young people not in education or employment passed 1 million during the last recession, but we do not hear about that from Labour.

Mr Byrne: The Minister can try to evade the truth as much as he likes, but he cannot duck the basic fact that youth unemployment was about 14% when Labour took office. Before the recession it came down to 12%. It did go up during the recession, but it was coming down before the election. Since the election, it has gone through the roof to a record high. He simply cannot duck that truth. Why does he not get on and do something about it?

Chris Grayling: I will explain what we are planning to do, but we should remember that youth unemployment was at almost 950,000 when Labour left office, which was higher than when it took office. We are not going take lessons from Labour and its record on youth unemployment.

I wish to set out the approach that we have put in place to try to support the unemployed.

Ian Austin: Will the Minister give way?

Chris Grayling: No, I am going to make some progress now.

The first priority has to be to help get business moving and growing again. That involves having a stable financial environment in which businesses are confident that this country is not going to find itself in the economic predicament that some other nations are facing. We therefore remain determined to address the deficit challenge, bring our public finances under control and send a message to the world that Britain understands the challenges that we face and is trying to do something about them. That is why we saw such a good response in the bond markets this morning to this country's attempts to sell its bonds, and why other countries are facing difficulties. I believe that if we had not taken those measures, businesses would not be investing in this country or considering employing people here. I believe that unemployment would be higher than it is today.

We also have to take measures that, within the confines of the financial constraints upon us, do everything possible to encourage and support business. That is why my right hon. Friend the Chancellor set out in his autumn statement two weeks ago a variety of measures designed to do just that. They include investment in infrastructure; an expansion of the regional growth fund; increased capital allowances in enterprise zones; and measures to underpin bank lending to small businesses, so that they can access the finance that they need to grow. Those are essential parts of ensuring that in exceptionally difficult times, businesses at least have the best foundations that we can possibly give them to enable them to grow.

Mr Byrne: We all appreciate that summary of the autumn statement, but will the Minister remind the House to what level unemployment is projected to rise next year?

Chris Grayling: The right hon. Gentleman and other Members can read the OBR forecasts, which state that at the end of a difficult economic period unemployment will start to fall again. I remind him that we are dealing with international circumstances that the Governor of the Bank of England described as being among the most difficult in modern times, if not the most difficult.

Of course, alongside the measures that we need to take to support and encourage business growth, we need high-quality support for the unemployed to ensure that we can get them back into work as quickly as possible.

Fiona O'Donnell (East Lothian) (Lab): The Minister has been on his feet for what feels quite a long time, and he has attacked the public sector and talked about how he will support the private sector but not once mentioned the third sector. That shows the Government's real attitude to that sector's role in supporting people into employment, which was what made the future jobs fund work.

Chris Grayling: If the hon. Lady will allow me, I will finish explaining what we are doing. Last night, we published figures showing that 20% of referrals taking place through the Work programme are being handled by the voluntary sector, so it is playing an extremely important part in our work. It is also helping us to deliver a number of other programmes, and it is an integral part of supporting both the short and long-term unemployed.

There are a number of elements to the package that we have put in place. The first is support for the shorter-term unemployed, with a particular focus on the young, through our work experience programme and sector-based work academies. The right hon. Member for Birmingham, Hodge Hill would know, had he read the figures that we published, that the first statistics, for the period up until August, showed that more than 50% of the young people going through our work experience programme moved off benefits quickly afterwards. Indeed, we know that many of those young people are staying in employment with the employers who gave them their work experience place. The scheme is a great success, and we are doubling its size as part of the youth contract.

I should like to put it on record that I am very grateful to all the employers up and down the country, large and small, that are offering young people work experience and helping to break the vicious circle whereby people cannot get a job unless they have experience, but they cannot get experience unless they have a job. The scheme is cost-effective, costing one twentieth of what was spent on the future jobs fund for a broadly similar outcome. It is a great initiative, and I pay tribute to all the Jobcentre Plus staff who are working on it.

Mr Byrne: I am grateful to the Minister, who is characteristically generous in giving way. I assume that he refers to the statistics that were published on the Department's website about work experience, which showed that between January and August 2011, 16,360 claimants started a "get Britain working" work experience placement. That is in the written answer that he gave me. Of those 16,000, how many have got jobs?

Chris Grayling: We know that just over 50% of those people were off benefits within a total of 12 weeks from day one of their placement. It is an eight-week placement, so the answer is, in effect, within a month of the end of the work experience period. That is the first set of figures. The right hon. Gentleman said, "No more figures till February", and he is right. He cannot berate me for misuse of national statistics—he and I can argue about that offline sometime—and at the same time demand that I misuse them to give him more evidence now. We will publish the figures for the programme at the appropriate moment, but I am confident that they will continue to show the real difference that it is making to young people.

Brandon Lewis (Great Yarmouth) (Con): Does the Minister agree that the best thing is the Government's bringing everything together to ensure not just that private sector businesses grow to employ people, but that we put good, solid training, work experience and apprenticeships in place so that people can not only get into work but have sustainable long-term employment, unlike through some of the fad projects of the past?

Chris Grayling: I agree. The second part of the support that we are providing to young people—and, indeed, to older workers, for whom apprenticeships are also available—is a substantial increase in the number of apprenticeships. More than 100,000 new apprenticeships have been announced since the general election—the total across the Parliament will take apprenticeship provision far beyond where it has been previously. We believe that an apprenticeship that combines training and a real job for many young people is a better vehicle for delivering a long-term career option for them than simply putting them into a temporary six-month work experience placement at significant cost to the taxpayer, as we experienced with the future jobs fund. I accept that we do not agree on that: Labour Members believe that their approach was better. However, we believe that sustained employment in the private sector with an apprenticeship for a substantial proportion of young people is the best option. I am delighted that my hon. Friend the Minister for Further Education, Skills and Lifelong Learning, who is responsible for that, has put in so much effort and won so many extra resources for apprenticeships.

Lilian Greenwood (Nottingham South) (Lab): I heard what the Minister said about the programmes that he has put in place, but how can he claim that they are successful when there has been an increase in long-term youth unemployment of 88.6% and in long-term unemployment for people over 50 of 59% in my constituency in the past six months?

Chris Grayling: I make the same point to the hon. Lady that I made to the shadow Minister: I wish they would stop producing figures that are not statistically valid. The previous Government had something called the training allowance. Somebody who had been out of work for 12 months and entered the new deal programmes went for a short time on to a training allowance. That meant that their JSA claim was moved back to day one. As a result, the previous Government claimed to have abolished youth unemployment. We have stopped doing that—we do not hide the unemployed. We accept the

scale of the problem and try to tackle it properly. The civil service statisticians in the Department for Work and Pensions carried out a like-for-like comparison, which shows that there is virtually no difference in youth unemployment for more than six months between today and two years ago. Opposition figures are therefore simply not accurate.

The third element of the support is through the Work programme, which began at the start of July. It has been going for five months and is the most ambitious welfare-to-work programme that the country has seen. The first signs from providers are encouraging. We will not have official statistics till next year, but there are many examples of people who have been out of work for a long time getting into work. It is a payment-by-results scheme, so providers have every incentive to use the right approach to working with people in a personalised way to deliver the right support to them individually and to match them to the right job; otherwise they will not stay there. Given that the full payment is not made until a conventional jobseeker has been in work for 18 months, there is a real incentive to ensure that it is about not just placing someone in a short-term job but building a long-term career for them.

Gordon Banks (Ochil and South Perthshire) (Lab): The Minister wants accurate figures, so let me tell him that 130 people in my constituency in highly skilled engineering jobs are losing their jobs today because of cuts in public sector spending. It is a private sector business. Does the Minister not understand that cuts in the public sector impact on the private sector? Here in my hand is the proof to show that.

Chris Grayling: I regret every single redundancy in any sector in any part of this country. It is a terrible blow for the people concerned. I do not know about the case, but if the hon. Gentleman wants to talk to me afterwards, I will ensure that Jobcentre Plus support from a rapid response team is available to his constituents. I regret any such situation. However, we are having to get to grips with the challenges of the public sector because of the mess we were left. If we did not do that, unemployment would be higher, not lower. I stress that we will do everything we can to help the hon. Gentleman's constituents and those elsewhere who are in a similar position. Any unemployment is too high, and we will do all we can to help tackle it.

Let me briefly consider the youth contract because questions have been asked about it. It was announced shortly after our debate a month ago and I think that it will enhance the programmes that we are already delivering. It builds on the programmes that are already in place and will involve doubling the work experience programme so that we should be able to guarantee every single young person who has been out of work for three months a work experience place. Through the Work programme, it provides a subsidy to employers to take on a young person who has been unemployed for a longer time. The CBI proposed it to us, but it is more generous than the programme that the CBI requested. The shadow Minister made the point about the previous Government's scheme in 2009, but the difference is that we are delivering something to a template that leading business groups requested. They say that it will make a real difference to the likelihood of an employer taking on a young person. I hope and believe that will make a genuine difference.

Jim Shannon (Strangford) (DUP): One of they key factors throughout the United Kingdom that perhaps the Minister has not mentioned yet is small and medium businesses. In Northern Ireland, 90% of those in employment are employed through small and medium businesses. What help does the Minister intend to give small and medium businesses to create jobs and thereby address youth unemployment?

Chris Grayling: I agree that small and medium-sized enterprises are crucial. I hope that the subsidy that is paid to employers through the youth contract will be attractive to large and small employers. We are clear that the role that small businesses play is important. Opposition Members raised issues about unemployment among the older generation and I believe that our new enterprise allowance, which is proving successful in the areas where it has been operating so far and is now available throughout the country, will provide a real route for people who want to build their own SME in future.

Mr Deputy Speaker, do not listen to what you hear from the Opposition about the Government doing nothing about unemployment. We have a comprehensive range of support, which I believe can make a real difference to the unemployed. We face huge economic challenges and some of the most difficult economic circumstances that any Government have faced. However, unemployment is and will remain a priority for the Government. We will do everything that we can to tackle it.

Several hon. Members *rose—*

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. I remind hon. Members that I am imposing a six-minute limit due to the number who wish to speak.

3.27 pm

Albert Owen (Ynys Môn) (Lab): It is a pleasure to follow the Minister. The statistics I will use are from the Office for National Statistics, but my experience is as a manager of a centre for unemployed people before I came into the House. I saw at first hand the failure of economic policy. That is what unemployment is: a failure of an economic system. It is not "a price worth paying" as a previous Chancellor of the Exchequer said.

In the 1990s, I ran a centre that helped young people to get back to work. We gave them life experiences and choices. Whether in the public sector, the private sector or the voluntary sector, those experiences were valuable tools and gave skills to young people. It is a shame that Government Members rubbish schemes involving the voluntary and public sectors, because people need help to get those necessary skills; they do not need Government Members to attack the public sector.

Oliver Heald: Does the hon. Gentleman not accept that it is something of a deception to put a young person in a job for six months with the idea that it will lead to something at a time when the public sector is being cut? Surely it is better to give that young person a

[Oliver Heald]

private sector job opportunity or work experience that has some prospect of leading somewhere.

Albert Owen: I will tell the hon. Gentleman what a deception is: it is the Government saying that they will introduce a scheme next April when youth unemployment is going through the roof this month and last month.

Oliver Heald: It isn't!

Albert Owen: Of course it is! The hon. Gentleman really needs to look at the ONS statistics. In every corner of the UK, youth unemployment is going up. Young people are facing unemployment because of the Government's record.

John Glen (Salisbury) (Con): Why is it a deception if the Government set out a well thought through policy that they are ready to deliver in three or four months' time? That is not a deception but a well organised policy. It is ludicrous to trade such cheap remarks about people's jobs and futures.

Albert Owen: I shall tell the hon. Gentleman my background in a moment—I certainly know what unemployment is like and have worked with unemployed people—but month on month, people are losing their jobs. Saying that there is hope in future of a scheme—he says it is well thought out, but nobody has seen it implemented—is a disgrace when the Government are doing away with schemes that were working and helping people. I met people who went on those schemes. They had the opportunity in a major global recession to gain work experience and skills. That is what the Government should be doing; they should not be talking about some generous scheme of the future that we do not know about.

The Government's record is one of increasing unemployment, which compares with the Government of the 1980s and 1990s. The centre for the unemployed where I worked was established in the 1930s, and was re-established in the 1980s because of mass unemployment and mass depopulation. People left my area to look for jobs in the 1980s and '90s as they did in the 1930s. The county of Anglesey, which I represent, was the only county in Wales that had a declining population in two consecutive censuses, because people went looking for work. Yes, they got on their bikes, but it harmed our community. Unemployment is not a statistic to bandy around in the Chamber; it involves real lives and real people. It affects individuals, families and communities. I have seen communities scarred by mass unemployment, which is why I am passionate about standing up here today to say that this Government's policies are not working. We need to work together to find policies that work. When the Government scrap policies that have been successful in my community, I will stand up and say so—that is the reality of the situation not only in my constituency but in many parts of the country.

In 1992, unemployment in my constituency stood at 3,912—nearly 4,000. By October 2002 it was down to 1,516, and by October 2007 it was down to 1,093, because schemes that targeted the hardcore unemployed to help them back to work were introduced.

I remember that there was no plan to help in the 1980s. In 1992, the Chancellor of the Exchequer said that unemployment was "a price worth paying"—it was an economic tool. The Minister shakes his head, but those were the Chancellor's words, and he cannot contradict that because they are on the record. The Chancellor said that there were shoots of growth, but people were losing their jobs and livelihoods, and communities were being destroyed.

The buzzwords of the '80s and '90s were "downsizing" and "redundancy". We needed a scheme, and when the Labour Government came to power in 1997, we introduced the new deal for the unemployed. A levy from the excess profits of utility companies was used and targeted to help young people. Between 1999 and 2004, it was hugely successful. I think it should have continued, but after 2004 the scheme was targeted at other sections of society that needed help. With hindsight, perhaps we should have continued to concentrate on young people.

Youth unemployment has gone up in the past 12 months, whatever statistics we use. Young people are losing their jobs or are not able to enter the employment market. My daughter's peers, who are in their 20s, have taken extra university courses because they cannot get jobs. They are coming out highly qualified and cannot get jobs. That is the reality of the situation today. It is incumbent on us all, whichever party we represent, to get the number down. Although bandying statistics does not help, we must, none the less, use the records of different Governments to paint a picture. The record of this Government is to do away with schemes that were successful and to say, "We'll replace them with something in the future." The reality is that unemployment is going up.

Ben Gummer (Ipswich) (Con) *rose—*

Albert Owen: I am afraid that I do not have much time; I have already taken two interventions.

In the 1980s and 1990s, there was a period of stagnation in my constituency. The gross value added, or the gross domestic product, was among the worst in the United Kingdom. The historical scar is there and people are finding it difficult. Between 1997 and 2007, the number of jobs increased by some 7,000 and many skills were brought back to the area through various schemes. There was a partnership between Government, the public sector, the private sector and the voluntary sector, all working together to help people. That is the way forward.

I accept that unemployment went up in 2007, but it started to come down in 2010, which is important. When this Government took office, growth was increasing and unemployment was coming down. The trend has now been reversed and we are back to what it was like in the 1980s, and once again we are facing mass unemployment. Some 2.64 million people are unemployed, which is a disgrace for any Government. This Government should apologise for the fact that their policies are not working.

The Welsh Assembly Government are introducing additional projects to help the unemployed. Austerity alone will not create jobs; it is getting people skilled up and giving them the necessary experience, growing the economy, and bringing down unemployment that will increase the GDP and the GVA of every part of the United Kingdom. Wales has been hammered by

unemployment. We need to move forward. Today is a bad day for unemployment and a bad day for this Government's record.

3.36 pm

David T. C. Davies (Monmouth) (Con): The right hon. Member for Birmingham, Hodge Hill (Mr Byrne) and many of his colleagues have basically said that the Government should change course. I listened to them with great interest but did not hear any of them say what their course should be. I heard plenty of criticisms of the Government, but there has been no mention by the right hon. Gentleman of a coherent economic policy.

Several hon. Members *rose—*

David T. C. Davies: I intend to give way once only.

Mr Byrne: I am grateful to the hon. Gentleman for giving way. We have set out a clear five-point plan for getting people back into work. The starting point is a sensible and fair tax on bankers' bonuses. Does he think that his constituents, like mine, would support that?

David T. C. Davies: I have heard about this tax on bankers' bonuses, which has already been spent in myriad different ways. In any case, the Government have already introduced taxes on banks, which are bringing in far more money. I point out to the right hon. Gentleman—I am sure he knows this, given what his last job was—that the financial services industry in this country is contributing about 10% of all the money that we have, or somewhere in the region of £50 billion. At this moment in time, we cannot do anything too much that will damage that.

Let me explain to the House what I think the Opposition party's economic policy was. Up until October and the Chancellor's statement, the economic policy of Labour Members was to borrow even more money than we are being forced to borrow at the moment. Since October, everything has changed and suddenly their policy is to borrow less money. Amazingly enough, they are not only going to borrow less money, but spend more money. The Opposition are going to borrow less money but somehow there will be no cuts in Government expenditure and no freezes on pensions and everyone will have a job. It is a totally incoherent economic policy, but completely consistent with what we have come to expect from Labour.

Albert Owen: The hon. Gentleman says that we did not outline our plans. If he reads the motion, he will find them there, and he should be speaking to the motion. He said two things that were incorrect. He said that we would be spending more than the Government. In the autumn statement, this Government said that they would spend more than Labour. One tool of employment is taxation. Does he agree that reducing VAT temporarily during the previous recession helped employment and consumers? Would he support something of that nature now?

David T. C. Davies: The hon. Gentleman ought to know that I will always support any kind of tax cut if it is affordable and I welcome his conversion to that idea. I recall him talking about what happened when Labour got in, but he forgot one or two important facts. He forgot to tell us that when Labour got in in 1997, the national debt was some £350 billion. By 2007, before the economic crash, the national debt had risen to £650 billion. Yes, the Labour Government had been paying off the national debt for two years but when the election started to loom, all of a sudden off went the spending taps and they were spending at a rate of £30 billion or so on average more than they were earning. That meant that by 2007 they already had a problem, yet they let the spending rip and we ended up with a national debt of £1 trillion and a deficit of £160 billion. Their response was to say up until October that we should borrow even more money—now, they suggest we borrow even less.

What the hon. Ladies and Gentlemen on the Opposition Benches do not understand is that it is very easy to create a little employment in the short-term by borrowing money that one does not actually have, but the problem is that that will always lead to greater unemployment in the longer term because at some point—they do not realise this—that money must be paid back. In the meantime, the interest on it, which is about £30 billion a year at the moment, has to be paid. The only way that money can be paid back is by raising taxes, which destroys jobs, or cutting public spending. That is a basic economic fact that Labour Governments throughout history have failed to comprehend.

Of course, there are more things that this Government can do. We have taken the brave decision as a coalition to get rid of the deficit as quickly as we can. It might take until 2017—*[Interruption.]* Yes, I accept it is not going to be an easy task, given what we have inherited. It will take a number of years, but we will stay the course and do it, and we will do more, besides.

We must consider immigration. It cannot possibly be right that 250,000 people are coming into this country at a time of recession if we have to find them all jobs, too. My wife is one of them and my sister-in-law, who is from Asia, is another. I am not in any way against those who come here; I welcome the fact that people have come here and are making a contribution, but we must consider whether that is sustainable in the long term.

We must also consider the attitude of some British people—that has to be said. Neither of my sister-in-laws had problems coming over here from Asia and eastern Europe and getting jobs, but there is unfortunately a small minority of younger British people who would prefer to stay on the dole than go out and get a job. It is a harsh fact but it needs saying and it is something that this Government will actively tackle.

We need to look at the attitudes and training of those who come out of our schools, ensuring that they can add up and have basic English and social skills, as it is often people's attitude that gets them a job. We must consider what our universities are teaching people, because it is no good if everybody comes out with a degree in media studies. There will always be some jobs for some people in the media, but not for all those who want them.

I have spoken to a number of people working in companies that are contributing a lot to this country—gas and oil companies and so on—and they say that they have had to go abroad to find people because there are not enough with the necessary practical skills in this country. By that I mean people who do not mind getting their hands a bit dirty. I spent four or five years getting

[David T. C. Davies]

my hands a bit dirty, as did many people on the Opposition Benches. I have no problem with that whatsoever. Unfortunately, some young people in this country at the moment do.

Grahame M. Morris (Easington) (Lab): I am grateful to the hon. Gentleman for giving way, but may I urge him to focus on the issue of joblessness rather than worklessness? I think that was an offensive remark, although I am sure that he made it unintentionally. We have Office for National Statistics data giving the numbers of vacancies and the numbers of people who are unemployed, particularly young people. In neighbouring constituencies, such as Hartlepool, which is just to the south of me—

Madam Deputy Speaker (Dawn Primarolo): Briefly.

David T. C. Davies: I take the hon. Gentleman's point. I am focusing on the fact that there are jobs out there for some people and that there are some people who will not take jobs. I accept that there are not enough jobs and we would all like to see more.

One thing the Government can do—I think they are considering this—is look at the red tape imposed on small businesses. When I ran a small family business, I was reticent to take people on because if we took on a contract to move goods from A to B that lasted for nine or 12 months and took on some extra drivers to do that, we were stuck if we suddenly lost the contract because we found it very difficult to get rid of people. We ought to look at lifting the red tape so that companies can take a risk by taking somebody on. If that does not work out, sadly, they might have to let them go but a lot of companies would hang on to people if they could. It is not the public sector out there—things are a lot harsher. The hon. Member for Stretford and Urmston (Kate Green) is laughing, but I wonder whether she has ever tried to run a small business. We are also, I am glad to say, looking at the green taxes that have been levied on the big industries, because there is absolutely no point in hitting big manufacturing companies with carbon and environmental taxes if they are simply going to relocate to the other side of the world and make their goods over there, taking jobs with them and probably creating even more carbon as they ship back whatever it was they were making.

I have only 45 seconds left, but I must mention the right hon. Member for Birmingham, Hodge Hill, who was going to give way to me, but failed to do so, when he mentioned Clement Attlee. We all supported the grandiose schemes of—not Clement Attlee, sorry, Bevin, who was supported by Winston Churchill at the time, the Conservative leader—[Hon. Members: "Beveridge!"] Beveridge, sorry. Not Bevin, no, I accept that.

The right hon. Gentleman will know, however, that Beveridge's plans were built on the back of a war loan from the United States, which had to be paid off for decades afterwards; that Callaghan's Government ended in failure; that Wilson had to devalue the pound; and that his own, previous, Government were responsible for the biggest boom and bust in financial history—

Madam Deputy Speaker (Dawn Primarolo): Order.

3.45 pm

Mr Kevin Barron (Rother Valley) (Lab): May I give the hon. Member for Monmouth (David T. C. Davies) a little history of how the economy is affected from time to time in the United Kingdom, as it has been for centuries and will carry on being, because unforeseen things come along and rock economies, as we experienced in 2008-09 under the previous Labour Government? That should not cloud the issues before us in the motion that my Front Benchers have tabled and I support, because the figure of 2.638 million unemployed people in this country represents a massive amount of human suffering, costs the economy and will go on doing so for generations if it is not tackled. The hon. Gentleman asked whether people are leaving school with the right language, literature and other skills to go into the workplace, but, having been a Member for 28 years, I have listened to such debates, and at certain points we decided to tackle the major issues that needed to be tackled in order to ease the problems that mass unemployment has caused.

Today's rise in unemployment is our biggest since July 1994. The regional breakdown for Yorkshire and Humberside shows that employment—not unemployment—has fallen by 70,000 over the last quarter; that unemployment has increased by 9,000 on the previous quarter; that it stands at 253,000; and that the number of people claiming jobseeker's allowance has increased by 500 on the previous month. That tells me and most people that there is something seriously wrong with the path that the Government are taking to turn the economy around, and that a large amount of money will have to be paid from the public purse to keep the figures as they are.

Youth unemployment went up by 54,000 in the three months to October and now stands at more than 1 million, the highest level since comparable records began in 1992. I brought the matter up at Prime Minister's Question Time today, noting that more than 22% of 16 to 24-year-olds who could be economically active are unemployed, an increase of 1.2% on the previous quarter. That has major implications for the British economy and, certainly, for young people.

Long-term youth unemployment has gone up to 141,200, the highest level since July 1997, and by 68,000 alone since January, a rise of 93%.

Chris Evans (Islwyn) (Lab/Co-op): Government Members are obsessed with immigration, when there is youth unemployment and young people are leaving school without the skills to fill the jobs that are going to come up. In future we will have to bring more people to this country to fill those jobs for which we do not have the skills.

Madam Deputy Speaker (Dawn Primarolo): Order. Lots of Members are doing this: when they make an intervention or speak they have to face the Chair, not turn their back to it. So, if everybody could remember that, it would be very handy.

Mr Barron: Long-term youth unemployment has increased. In Yorkshire and Humberside, it increased from 7,160 in January 2011 to 13,895 in November 2011. That is an increase of 94% in long-term youth unemployment. In my constituency it has increased by

68.8%, while in the two neighbouring constituencies in the Rotherham borough it has increased by 125% and 80% respectively. We are talking about the life chances of young people in our constituencies being taken away from them. I have not seen such increases in youth unemployment since the 1980s, when my constituency and neighbouring constituencies suffered from the Government's run-down of the coal industry, which not only put thousands of people on the dole, but struck off the life chances of people in education trying to get into work, as one of the major employers for young men in my constituency was systematically closed down. The consequences of that have run on not just for a few years, but for generations.

The Minister of State, Department for Work and Pensions (Steve Webb): I do not doubt either the right hon. Gentleman's sincerity or the fact that he believes the figures that he has been given, but let me tell him that they are simply misleading. What used to happen is that after a young person on jobseeker's allowance had gone on a scheme, the clock would start ticking as though it were day one, which meant that they had disappeared from the long-term youth unemployment figures. The right hon. Gentleman is comparing figures that exclude those young people with those that include them, so the rise that he describes has not happened in the way that he believes.

Mr Barron: The idea that we should come here and dance around about whether all the figures are accurate, when there are 2.6 million unemployed people in this country, is not sensible. *[Interruption.]* I do not know: I am not a Minister, and I do not study the briefs that the Minister studies. What I do, and what I have done for over 28 years, is represent a constituency that is largely poor, with far too much deprivation in all sorts of areas, whether in terms of ill health, high unemployment or anything else. I saw that change in my lifetime, over a decade, which affected the lifestyles of many people in my constituency. I see from today's statistics and what has been happening over the past 12 months that things are returning to how they were decades ago. It is wrong and it is unfair, and I am not going to come to this place and listen to a debate about "the national economy" this or "the national economy" that. We need to look at the crucial issues of how to help the young generation.

Mr Byrne *rose—*

Mr Barron: I will give way to my right hon. Friend, but I want to finish quickly.

Mr Byrne: My right hon. Friend is making a characteristically powerful speech. The truth is that the House of Commons Library is clear: in January 2011, long-term youth unemployment in his constituency was 160, but it is now 270, a rise of more than 68%. Under anybody's definition that rise is unacceptable, and the Government should be doing more to bring it down.

Mr Barron: I agree entirely with my right hon. Friend.

If anybody wants to know the consequences of youth unemployment—not just now, but in the future—they could do worse than look at the article headed "Future costs of youth unemployment" on the BBC business news website, which refers to an academic paper by Paul Gregg and Lindsey Macmillan that sets out in great detail what happens to people who suffer from youth unemployment. It affects them for the rest of their lives, not only in terms of their jobs, but in terms of their incomes and everything else. It is not acceptable for us to sit in this House today and watch youth unemployment increasing to its current levels, which will disadvantage generations of people and their children, as well as the taxpayer, who will have to pay for it. I will not rehearse how much it will cost, but there will be a cost to the taxpayer—the cost to the individuals concerned will probably be far higher—that we should guard against.

I want to finish on this point. The Government's ideology was about coming in and saying, "We get rid of the public sector"—I have seen the damage of that—"and we bring in the private sector." However, for every 13 jobs lost in the public sector in the last quarter, only one has been created in the private sector. It is not good enough. The plan is not working. It is about time this Government tried to protect everybody in this nation.

3.54 pm

Jenny Willott (Cardiff Central) (LD): Of course it is right that we are debating this important issue today. Everybody knows that unemployment is a serious problem across the country. We seem, however, to have had the same Opposition day debate over and over again. The same people have been in the Chamber repeatedly over the last few months, and every debate follows the same pattern. Labour never accepts responsibility for the economic mess in which we find ourselves and no new ideas on how to tackle the problem are offered; the same old failed ideas are repeated in every debate.

Fiona O'Donnell: Will the hon. Lady give way?

Jenny Willott: No, I will not. There will be plenty of opportunities for others to speak later. I hope that by not giving way, as many Back Benchers as possible will have the opportunity to contribute.

The Government are trying to rebalance the economy left to us by Labour. Labour relied on the public sector for far too long to make up for declining growth elsewhere, and it did not support the private sector in the good times. Some areas have stratospheric levels of public sector employment. In Merthyr Tydfil, for example, more than 40% of people—more than four in 10—are employed in the public sector. That is clearly not sustainable across the country as a whole. We must work to increase employment in other sectors—the private sector has already been mentioned and other Members have mentioned the voluntary or third sector—to reduce our reliance on the public sector and ensure that we have a much better balanced economy that is better able to absorb shocks from the global economy and future recessions.

There is some evidence that we are starting to see progress. I would take issue with the figures of the right hon. Member for Rother Valley (Mr Barron). My understanding is that public sector employment fell last year by 276,000, but that employment in the private sector increased by 262,000—a difference of only 14,000 jobs. Almost all the jobs lost in the public sector have been replaced by an increase in jobs in the private sector.

Fiona O'Donnell *rose—*

Jenny Willott: I am not going to give way.

There are problems in the eurozone, problems with bank lending and so forth, which have a serious impact on job creation in the private sector, but we can say that we are starting to see some progress, and the Government are trying to encourage even more progress. The Minister of State, Department for Work and Pensions, the right hon. Member for Epsom and Ewell (Chris Grayling), who is responsible for employment, announced in the autumn statement measures to stimulate growth. Rather than try to borrow their way out of a debt crisis, the Government are being more pragmatic and sensible. I welcome some innovative ideas for raising money—working with pension funds, for example, to unlock £20 billion of investment. That is better than the Government simply borrowing more and more money, which has been shown not to work.

I share the concerns of some Labour and Government Members about the level of youth unemployment. I know that this is a concern across the House. Under Labour, youth unemployment rose nearly 75% between 2001 and 2010, so it was a serious problem before this Government came to power. There has been an increase, however, in the number of young people who are unemployed, and I know that Ministers, too, are deeply concerned about that. I am glad that the Government are investing in trying to tackle it. We need to recognise that it is going to be tough for young people in the near future, and we need to do more to make them as employable as possible so that when jobs are created and become available, they can take them up.

We know from past experience, and from the experience of unemployed people today, that people who are seeking work and spending all their time going to the job centre and applying for jobs can find the experience hugely demoralising, and it can lead to depression and mental health problems. For decades, that has been a problem for people facing unemployment. We need to make it easier for younger and older people facing unemployment to volunteer in order to build their skills, to learn what they enjoy doing, to get useful information for their CVs, to get good references and to help keep them closer to the job market.

Jobcentre Plus and the Work programme providers could work with the local voluntary sector and others in many areas to identify more opportunities for those on jobseeker's allowance to volunteer. There are already many opportunities across the third sector, which we have heard about in various debates on this theme. There are other ways in which unemployed people of whatever age can volunteer and build up their skills. For example, it is possible to become a magistrate at 21. That is a good way in which people can gain experience in an area about which they would not necessarily know anything otherwise, while also learning skills that they can transfer to employment. Charity shops are always looking for volunteers, who will have the opportunity to gain retail experience that they too can transfer to employment. The retail sector in my constituency still has a significant number of vacancies, and it is one of the sectors that are most willing to take on those who are furthest from the jobs market.

There are plenty of ways in which we can help people to develop the habit of working by getting up at the same time each day, finding out what they enjoy, learning people skills, and acquiring new skills that they can take into work when jobs are created. Some may be inspired to set up their own businesses—older people who have experience and skills that they can take into entrepreneurship, and young people who are brimming with ideas.

I accept that the unemployment figures are an individual tragedy for all the people affected, and I am sure that we all feel the same, but relying on the ability to borrow more money will not help us to find a way out of this situation. We need to see investment, and to see the Government putting their money where their mouth is.

4 pm

Alex Cunningham (Stockton North) (Lab): The dire news presented by the latest unemployment figures should cause members of the Government to hang their heads in shame, but there are not many present to do that today. The Government have promised much, but instead of delivering on their promises, they have proceeded to devastate the lives of ordinary hard-working people—people such as nurses, engineers, chemical process workers, local authority employees, shop assistants and even members of our armed forces, some of whom return from action on behalf of our country to learn that their jobs are either gone or under threat.

We were promised a private sector jobs revolution, but, as the Prime Minister had to admit today when challenged by my right hon. Friend the Leader of the Opposition, he has failed to deliver on that promise. His failure is proving expensive, not just for the millions who are unemployed, but for our country. Instead of investing billions in infrastructure, house building, new hospitals and other job creation schemes, the Tory Government are throwing that money away on escalating unemployment benefit bills which, sadly, are likely to increase even more in the future.

Gordon Banks: Is not one of the problems the fact that the Government seem to view the public and private sectors as two separate entities, although one cannot survive while the other is being cut to death?

Alex Cunningham: I agree. My hon. Friend provided an illustration of that earlier when he mentioned the job losses that have been announced in a company in his constituency. For some time the Tories said that we did not have a plan for jobs. They may have systematically dismantled our investment programmes for job creation, but it is not too late for them to adopt our five-point plan for jobs and growth.

Like others who have spoken, I shall concentrate on the subject of young people. The acceleration in the number of young unemployed people will help this Tory-led Government to go down in history as the Government who could not care less about our country's most important asset.

Jim Shannon: It has been suggested that businesses should be given an incentive to employ people aged between 16 and 24, in the form of a £1,500 tax relief which would cover national insurance contributions for a year. Does the hon. Gentleman believe that such initiatives are capable of providing employment for unemployed people?

Alex Cunningham: I welcome all schemes that will encourage employers to take on workers and, in particular, increase the number of young people in employment.

In 1997, my Stockton borough inherited from the Tories an unemployment rate of 14.9% among young people, while the national rate was 8.1%. Hard work by the Labour Government more than halved the Stockton rate to 6.7%, but since then the Tories and their Liberal Democrat allies have allowed it to soar almost to its previous level. It is now 12.9%, which, although it may not seem a huge number, represents 2,300 young lives.

In my constituency, I see countless young people wandering the streets of Billingham, Norton and Stockton, and I worry about their future. I see them peering into shop windows, knowing that all they can do is look. They certainly cannot buy, as they see no positive prospects. They know that there is no longer any support that would enable them to go to college, and that even if they had qualifications, possibly even degrees, their prospects would be extremely low in an economy that is stagnant at home and across the country.

Cathy Jamieson (Kilmarnock and Loudoun) (Lab/Co-op): Will my hon. Friend endorse the work done by Glasgow city council? It has launched a scheme aimed specifically at young graduates, and is using some of its pension fund to give them an opportunity to gain employment.

Alex Cunningham: I have always been a great admirer of Glasgow City council and I am certainly not going to disagree with my hon. Friend there, but it saddens me that for so many young people, the first taste of adult life will not be starting their first job and getting on the career ladder, but waiting in the dole queue and competing for the tiny number of vacancies available, while being lectured by the Tory-led Government that there are jobs out there for them if only they look hard enough. However, in my constituency there are 10 people fighting for every job vacancy. There are 2,335 jobseeker's allowance claimants aged between 18 and 24—an increase of 18% on the previous year.

Earlier this year, the employment Minister singled out the north-east as his "top priority" in safeguarding and protecting jobs. However, the money received from the regional growth fund—believed to be the cure for all our economic woes—is but a fraction of what has been invested in recent years through the regional development agency. I am grateful for the money we did get in my constituency from the regional growth fund, and I was pleased to visit one of its recipients, Darchem Engineering, last week. It is a fine example of the great British manufacturer we need to encourage, and the Government cash will help to attract new investment to the north-east. However, while that one example is a positive one, the amount of cash available through the fund is extremely limited in my area, and many other companies with strong plans for growing their businesses and increasing the number of jobs found that the Government cash chest was slammed shut in their faces.

In my constituency alone, 166 young people aged between 18 and 24 took up employment and after 26 weeks, 162 of them—98%—were sustained in employment as a result of using part of Stockton's allocation of the working neighbourhoods fund, thanks to our future jobs fund. Add to that the fact that those successful young people undertook 628 pieces of individual training and achieved 80 NVQs at levels 2 and 3, and we can celebrate an excellent achievement.

Labour also introduced the education maintenance allowance, which subsidised poorer students through the sixth form, helping 650,000 16 to 19-year-olds from low-income families and tackling the long-standing problem of a high teenage drop-out rate from education, particularly among poorer students. However, both these effective programmes were recklessly cut by the Tory-led Government, who dismissed them as bureaucratic and wasteful despite their strong success in helping young people to reach their potential.

The £180 million bursary scheme the Tories replaced the EMA with has instead succeeded in giving 70p extra a week to 12,000 of the poorest students—while at the same time taking away £30 from many of their classmates whose finances are only marginally better. It is simply insulting that the Secretary of State for Education believes that this is concentrating resources

"on removing the barriers to learning faced by the poorest".—[*Official Report*, 28 March 2011; Vol. 526, c. 52.]

I strongly urge the Government to reassess their priorities, given that they are currently bent on making access to education far more difficult and are cutting everything in sight—the very things that were helping young people. Such a blatant disregard for the future of young people really is shameful. We should be under no illusions about the damaging effect that unemployment among young people can have. Failing to harness the energy of the younger generations is eating away at the foundations of all our futures.

Work largely defines us and as a society, and we cannot afford to ignore the talent and potential of so many young people. Those one in five young people who cannot find work therefore often cannot leave home. They remain financially dependent on their parents and are trapped in a confidence-sapping cycle of application after application, rejection after rejection.

The current jobless figures are a wake-up call for the future for young people. Youth unemployment scars people for life, particularly if it is prolonged, and at today's levels it will be costing the country millions of pounds a week. We must not let the scourge of unemployment leave a permanent mark on the hundreds of thousands of young people living through it today. We need to give those young people, and everyone else window-gazing in towns and cities across the country this Christmas, real hope for the future. They see very little of it now.

4.9 pm

Oliver Heald (North East Hertfordshire) (Con): Listening to the hon. Member for Stockton North (Alex Cunningham), one would have thought, "Oh, the Labour Government did a marvellous job. Then along came this coalition and they mucked it up." One would never have thought it was the Labour Government who beggared this country, who borrowed and borrowed and borrowed again, who gave us the worst deficit in the G20, who doubled national debt, who sold our gold at a record low price—£23 billion down the drain—who took £5 billion a year out of our pension funds, and who gave back our EU rebate of £7 billion a year and got nothing in return. Then, there was the moment of salvation—the

[Oliver Heald]

last general election. A moderate coalition Government came in and started to make the sort of decisions that needed to be made in the national interest—the sort of decisions Labour ducked. Now, though, we are told, "The consequences of those difficult decisions—they're all your fault." They certainly are not.

If we look at the Labour years, we see that, as always happens with Labour, unemployment went up—to 2.5 million by the time they left office. We see that youth unemployment rose by 270,000 under the Labour Government. Theirs was not a successful Government, but a Government who led Britain to the brink of bankruptcy. It is our Government—the coalition Government—who are rescuing this country. Of course it is not easy. It is right to say that every redundancy is a personal tragedy—of course it is. We must try to do all we can as a country to help people back into work, but my goodness, this Government cannot be blamed for the situation from which they are trying to rescue the country.

That Labour Government were also the Government who tried to hide from the realities. Take the vast number of people claiming incapacity benefit: it is this Government who are testing and ensuring that those who receive incapacity benefit are genuinely entitled to it, and that it is not being used to mask unemployment in areas where there is a particular labour market problem. Take Labour's measures on long-term youth unemployment, where a training scheme was introduced after 12 months and the clock was started again, to mask what was happening in this country. Although 2.5 million extra jobs—half of them were part-time, of course—were created in the Labour years, they did not seriously affect unemployment, which was reduced by about 300,000. That is because the Labour Government were not really tackling the underlying problem of the 5 million people of working age who were not engaged in the labour market.

Fiona O'Donnell: Given that is now clear that the benefits bill will rise by £29 billion—higher than the Government predicted—does the hon. Gentleman think that the plan is working?

Oliver Heald: I think that this Government are making a serious, determined and honest effort to help people in very difficult times. The hon. Lady talks as though there is no eurozone crisis and the world is not experiencing the problems it is experiencing, but those problems are out there. This is a difficult time politically and economically, yet this Government are trying to help people.

Nia Griffith (Llanelli) (Lab): Does the hon. Gentleman accept that, in fact, the increase in unemployment in the eurozone has been much slower than the increase here?

Oliver Heald: The hon. Lady should talk to young people in Spain, where youth unemployment is very high—as much as 30%, I am told. The same is true in Italy. The fact is that youth unemployment is a European problem that must be tackled in the eurozone and right across the continent.

The Government are concentrating on a Work programme that, after 12 months, gives people individualised help to look at what skills and assistance they need to get them back into work, and that, for the first time, gives the disabled a chance of getting the help they need. That is a good thing. That programme and the youth contract, with its job subsidies and extra incentive payments, are not signs of an uncaring Government.

Dame Anne Begg (Aberdeen South) (Lab): Everything the hon. Gentleman describes counts for nothing if there are no jobs for those people to get. That is the problem that we face today: there are simply not enough jobs in the economy for everyone who is out of work to get into work.

Oliver Heald: The hon. Lady makes the very important point that we need growth in our economy, and that to achieve that we need a range of measures to stimulate growth. I agree, and that is what the Government announced in the autumn statement. She should not, however, treat the whole country as though it were the same. We have much lower unemployment in my constituency—indeed, it has fallen this month—and there is no doubt that jobs can be found, but that is not true everywhere. The picture is different in different parts of the country, but if one looks at the overall picture one can say, month on month, that we have more people in the work force than we had last month. We have seen an improvement in some parts of the country, such as the part I represent, so the picture is not hopeless. The Government have a difficult task and are tackling it seriously, but sometimes we should look a little more widely at the labour market and the trends within it. We are asking people to work to an older age and to take on jobs that they might not previously have done because they were on incapacity benefit or were otherwise out of the labour market. So, we are asking more people to try to find work against a background in which that is not easy, but I believe—certainly the research shows this—that it is possible for us to see our GDP rise and our people go into work. What the Government are doing is along the right lines.

Sir John Rose said in a speech about a year ago that in Britain we train people to be hairdressers when we need engineers and IT specialists. One of the good things about the Government's apprenticeships and skills programme is that it is targeted on areas in which we have found it difficult to create skills and on areas that are hard to fill, so there is a better match between skills and vacancies. The number of vacancies runs at between 400,000 and 500,000 each month, about 40% of which are in areas with skills shortages or areas that are hard to fill. If we can better match the skills to the vacancies, that could help. Overall, I think the Government are on the right lines.

4.17 pm

Dr Eilidh Whiteford (Banff and Buchan) (SNP): Today's employment statistics make extremely sobering reading. They spell out more clearly than any of our speeches today just how much our economy is struggling and how the recovery is faltering. We know from the Office for Budget Responsibility that the UK economy is already contracting in the final quarter of this year and we can predict with some confidence that there will be more turbulent times in 2012.

Fiona O'Donnell: Has the hon. Lady seen the latest statistics showing that Scotland had the second-worst unemployment in the UK in the last quarter? Does she

think that her Government in Holyrood have any responsibility for those figures?

Dr Whiteford: I am certainly happy to look at that because the sharp increase in unemployment in Scotland is very concerning. However, over the past year as a whole, unemployment in Scotland has fallen and employment has risen. That compares very favourably with the record of the hon. Lady's Administration. For most of the past few years, employment in Scotland has outperformed employment in the rest of the UK. That record contrasts sharply with the situation when Labour and the Liberal Democrats were in coalition in Scotland.

We have to look at the big picture and remember that when the Government set us down the path of austerity a year and a half ago, many of us warned that taking the feet out from under the public sector was not the way to boost employment and growth in the private sector. We said that the cuts went too far too quickly and it gives me no pleasure whatever to be proved right on that front. It is now abundantly clear that the medicine is not working and is not achieving the results we want. I accept that the Government have not been in control of some of the external circumstances, but nevertheless those risks were always apparent. The Government need to acknowledge that their plan is not working and that it is time for a change of direction.

What has been disappointing this afternoon is the very ideological and doctrinaire approach taken by Members on the Government Benches to their prescriptions. It would be helpful if we acknowledged the interdependence of the public and the private sectors. The bottom line is that the UK as a whole is losing public sector jobs faster than the private sector can create them. We all know that borrowing is still very difficult for small and medium-sized enterprises, which is a major source of potential growth. We know that business confidence is low, but in that circumstance it makes no sense at all to punish the public sector when the private sector just cannot keep up.

Paradoxically, that is the opposite of what has been happening in Scotland. One of the interesting things—

Ben Gummer: Will the hon. Lady give way?

Dr Whiteford: Not at the moment, thank you.

It has been evident in Scotland over the past year that the growth of private sector employment has outweighed falls in public sector employment. We now have the highest share of private sector employment that we have had since the advent of devolution. *[Interruption.]* Although unemployment has fallen across the piece in the past year, it shows that the Scottish Government's decision to boost investment in the public sector and in infrastructure as far as possible has been a way of offsetting the problems of investment that have been apparent in other parts of the UK—*[Interruption.]* If the hon. Member for East Kilbride, Strathaven and Lesmahagow (Mr McCann) wants to make an intervention, I am happy to accept it. If not, perhaps he could stop heckling.

If we are serious about tackling unemployment, we need to accept that the cuts introduced by the Government are biting very hard indeed across the whole UK, and that the announcements in the Chancellor's autumn statement do not go far enough. Crucially, they will not address the immediate challenges of high levels of unemployment and a high benefits bill. I am not sure how we will pay for that in the current circumstances.

Sheila Gilmore: Will the hon. Lady give way?

Dr Whiteford: I will not at the moment, thanks. Time is pressing.

In Scotland we are experiencing 32% real-terms cuts to the capital budgets and even after the announcements in the autumn statement, the Scottish capital budget will still be cut by £3 billion over the spending period. More importantly, 70% of the new consequentials announced in the autumn statement will not be available until the year after next. Waiting until 2013 will not deal with the problem that we need to tackle now. What we need is investment in infrastructure.

Much has already been said today about youth unemployment. For those of us who came of age in the 1980s there is a horrible sense of déjà vu. I was one of those who had to put up with the 1980s and see the problems at first hand. When I hear young people in my constituency bemoaning to me the prospects that they are now facing, I have great empathy. It was exactly the same in the 1980s, when we were all told that unemployment was a price worth paying, and a whole generation was relegated to the scrapheap. We are still living with the legacy of that and dealing with the social consequences of it. It was not just about economics. It was about our society and the prospects of a whole generation.

Across the UK we have seen diverse approaches to tackling youth unemployment. It is far too high everywhere, but, as we have heard today, there has been a range of approaches in the devolved Administrations. In Scotland there have been 25,000 apprenticeships, a significantly higher number than before. It even exceeds what the UK Government are doing. University and college places have been maintained. Efforts have been made to ensure that apprenticeships that fall through because companies have gone under as a result of the recession are continuing and those young people are getting back into work. The Opportunities for All initiative is making sure that every young person aged 16 to 19 will get a work or training opportunity.

I hope Ministers will take the opportunity to sit down with Finance Ministers across the devolved Administrations and look specifically at how we can tackle youth unemployment. There are different approaches and there are good ideas coming from different parts of the UK. It is such an urgent problem and such a challenge with such serious long-term consequences that I hope the Minister will take action. We were told in the 1980s that unemployment was a price worth paying. It was not a price worth paying. It is never a price worth paying. It must be the Government's top priority.

Several hon. Members *rose—*

Madam Deputy Speaker (Dawn Primarolo): Order. There are still 12 hon. Members remaining to speak. The debate must end by 5.36 pm. I am therefore reducing the time limit from now to four minutes for all subsequent speakers. That will just about get everybody in, unless there are lots of interventions.

4.24 pm

Mrs Anne Main (St Albans) (Con): I shall take no interventions, given the need for brevity. I share the concerns of my hon. Friend the Member for North East Hertfordshire (Oliver Heald) that Labour Members seem to have collective amnesia about exactly how much they frittered away during the prosperous times for this nation and that they now claim that only they know how to fix it.

I am amazed that that flexible old chestnut, the bankers' bonus, has been wheeled out yet again as a way of solving all the ills. This is from a party that did not tackle bankers' bonuses in the good times, when there were plenty to tackle, and seems to have found them now as a cash cow that can be used many times—this is the sixth or seventh time the Opposition have proposed using that source of finance. They did not tackle bonuses then, yet they did abolish the 10% tax rate, which they seem to have forgotten about. Many women and low-paid workers were on that tax rate. Indeed, when I was knocking on doors during the 2010 election, many people told me that after that rate was removed it was hardly worth them working. There are still people caught in that trap, which the Opposition have collectively forgotten about.

The Labour party has also collectively forgotten that companies have been disadvantaged by the regulations it put in place. For example, Bombardier could not competitively tender because of the regulations that Labour put in print, which resulted in job losses. Unfortunately, it also presided over the lowest number of social house starts for decades. I read with interest that it now proposes building 25,000 affordable homes—again using the bankers' bonuses—but with no new funding of the sort that my right hon. Friend the Minister for Housing and Local Government has rolled out. At least this Government are making new funding available, rather than relying on the ever-flexible bankers' bonus.

Albert Owen: Will the hon. Lady give way?

Mrs Main: No, I shall not give way.

I am also amazed that the Labour party, while talking about wanting to attack bankers' bonuses, was so lacking in its support for what our Prime Minister had to do last week, which was to defend London against being raided by the European Union. They do not seem to want to do that either. I can tell Opposition Members that many bankers and wealth generators in the City would otherwise have upped sticks and gone, and there would be no bonuses for them to use in this flexible way.

Labour Members are asking us today to believe their statistics—this from a party that spectacularly underestimated the number of people who would come to the UK through its failed immigration policy at only 5,000. If they looked back at the figures, they would see that they completely underestimated the number of people who chose to come to Britain to work, so I have little faith in the statistics they regularly wheel out. They left us with the highest number of workless households in Europe and only now are coming up with ideas on how to fix that. It bears no credibility. They propose spending bankers' bonuses multiple times and have few other ideas on how to fix the failed and broken economy that we inherited. They left this Government the note stating that they had spent all the money, but they had in fact mortgaged it. They mortgaged the future of many young people in this country.

I have only a few seconds remaining. If the Government were not taking these tough choices, more and more young people would be looking forward to a fruitless future without hope of social housing or affordable housing, because, unlike this Government, the Opposition had no appetite when in government to tackle the problems, and now they carp from the sidelines and apparently come up with solutions to fix the problems they created.

4.28 pm

Mr Denis MacShane (Rotherham) (Lab): I am disappointed by the previous speech, because it repeated the yah-boo exchanges on what is, frankly, a generalised crisis that has touched us all. The notion that it is all the fault of either the previous Government, or of everything that has happened since May 2010, is simply not valid. In 2008, I wrote in *The Daily Telegraph* a letter to my right hon. Friend the Member for Kirkcaldy and Cowdenbeath (Mr Brown) stating that we should cut spending and taxes, and he ignored me, but the year before the right hon. Member for Tatton (Mr Osborne), then the shadow Chancellor, wrote in *The Times* that the model Britain should emulate was that of Ireland. I think that I was right, and I hope that Government Members think that the Chancellor was completely and utterly wrong.

In Rotherham we received news today that 597 more people are unemployed than there were this time last year, which is an increase of about 15%. This is profoundly serious, with families now facing a miserable Christmas.

I do not blame all those problems on this Government—it is absurd to do so. Around the world, we are facing a generalised crisis of the market economics—or, if one prefers, capitalist—model. There is Government debt but, as the remarkable graph put up on last night's "Newsnight" by Miss Vicky Pryce, the distinguished economist, showed, there is far greater private debt. Everybody is going through the detoxification problem of getting out of debt, and we do not know how to handle it. Niall Ferguson—a distinguished conservative, right-wing historian—writes in *Newsweek*:

"In normal times it would be legitimate to worry about the consequences of money printing and outsize debts. But history"—

he is writing about how people handled the 1929 Wall street crash and the 1931 Credit-Anstalt crash; there was not one general crash but two—

"tells us these are anything but normal times."

When Monsieur Hollande, the French Socialist candidate whom I wish to see elected President of France, says that we should be looking at spending more money and at job creation measures, he is shouted down, but I think he is right. Frankly, the Conservatives ought to be in their own little Euro-heaven. We have conservative Governments and conservative presidents of the Commission, the Council and the Parliament proposing fiscal austerity, balanced budgets, making the poor pay, and protecting bankers and the rich. I thought that that was classic liberal—in the Manchester sense of the word—Conservative policy. I do not know why the Conservatives are at odds with Europe, because Europe

is doing exactly what they are trying to do with the policy that is having such disastrous consequences in this country.

We look to the BRICs—Brazil, Russia, India and China—but growth in them is slowing down. Today's figures from the IMF show that Russia, South Africa and Brazil have 3% or 4% growth and China and India have below 10% growth. There is a generalised crisis of world market economics. The United States is in disarray. The United Kingdom is part of the problem as well. We are not the solution to the European crisis—we are intimately part of it. There is no growth, no demand, increasing unemployment and increasing debt.

I am not going to say that this is all the fault of decisions taken since May 2010. I wish we had a Chancellor of the Exchequer of the maturity of Nigel Lawson, Geoffrey Howe or Denis Healey; it is rather disappointing that we have a PPE graduate from Oxford who has just done a little bit of political research in his life. We are going to have to work these problems through internationally.

"No man is an island, entire of itself",

as John Donne said; every man is a piece of the continent. We will have to find global and European solutions to this crisis or, believe me, we will all be sunk.

4.32 pm

Mr Robert Syms (Poole) (Con): I agree with the right hon. Member for Rotherham (Mr MacShane) that the world did not start in May 2010. There are 30 million people in the work force, and when they were educated, what they were educated in, and how they have skilled themselves throughout their lives makes a very big difference to their employment prospects today. Therefore, whoever the Government are, they are, to some extent, presiding over the legacy of previous Governments.

We all know that, as a country, there are some things we have done well and some things we have done badly. Being out of work is a tragedy for anybody, but over the past 10 or 20 years, this country has not done too badly in keeping unemployment levels below that of many countries in Europe. In Spain, for example, unemployment is at horrific levels. Where we have got it wrong is in having, for understandable reasons, a welfare system that has sometimes become a disincentive for people to take jobs. In the Government's reform of the welfare system—I hope that it turns out on time and to plan—they are trying to take away the cliff edge from those who are out of work and perhaps not well skilled enough to get a high-paid job so that they can take a job because it is worth their while to do so. That is a very important part of the future of our nation. Over the past 18 months, we have still had people with skills coming in from abroad and taking jobs. Under the last Labour Government, about 2 million jobs were taken by people coming in from abroad. That meant that we have not been able to motivate our own people to take those jobs. Welfare reform must be part of that.

We must look at our education system and put a lot more effort into technical education. Since Beveridge and the Education Act 1944, this country has not done as well as many of those on the continent, particularly the Germans, in technical education, which was never properly developed. When I look at Germany, I am impressed by how well respected people are who have a good technical education and by how workers are trained to provide a highly skilled work force. The success of the German economy has a lot to do with that.

What the Government are doing about training and in trying to recreate the apprenticeships that fell into disrepair is very valuable. When I go around companies in Poole, including many successful companies, the managing directors are often not degree candidates, but people who started on the shop floor with an apprenticeship in engineering and have skilled themselves up throughout their lives. Unless we get back to having good technical education, I fear we will not produce a generation of decent managers and keep the standard of living that we want.

Welfare, training and education therefore need to be part of the picture. However, we need to have a stable economic environment for people to invest. We inherited a big deficit and it will take some years to sort things out. Things do not happen in a straight line. There will be good years and bad years, and good Budgets and bad Budgets. Clearly, this is one of the years when things are going a bit slower, and I suspect that over the next four or five years, there will be years when things go a bit better. I hope that, over that time, we can create enough jobs to take up the slack of the public sector and that we can provide people in this country with a decent living, but it is going to be hard.

Nobody in this Government underestimates the task. We have a coalition of two parties that agree that we need to sort the country out and to provide more opportunities. It is a moderate coalition of sensible people and I think that it will succeed in the end, but it may take all five years before people make a sensible judgment about whether we have succeeded.

4.36 pm

Julie Hilling (Bolton West) (Lab): I want to tell the House the story of Chris, a young man in my constituency. I know his story only because a friend of mine gave him a lift home last night.

Chris works at Currys in Bury. Because his boss would not let him leave five minutes early, he had a 40-minute wait for the bus. Usually, when he gets into Bolton he has to catch two more buses. The whole trip takes him two and a half hours each way. If it had not been for my friend last night, it would have taken him nearly three and a half hours to get home. It is not as though it is a great job. He has a contract for six hours, which he believes is so that his employer can get rid of him easier. However, as he says, any job is better than none. It is no wonder that Chris is desperate to keep his job. With more than six people fighting for every vacancy in Bolton West, he knows that he is lucky to have anything.

People in my constituency are scared: scared that they will lose their jobs, scared that they cannot afford to pay their bills and scared that they cannot see anything getting any better. The Prime Minister is proud to state that interest rates are at an historic low, but he forgets to tell everyone that he inherited low interest rates. The much more important measure of the health of our economy is growth. What do we have? We have no growth, borrowing up, ever-rising unemployment and cuts to the public services that we all rely on.

[Julie Hilling]

The figures today show that the Government's policies, like so many people in Britain, are just not working. The economy is flatlining and ordinary people are paying the price. It is back to normal business for the Tories—the rich play and the poor pay. The Government want to blame everyone but themselves—it is our fault, it is the snow, it is the royal wedding, it is the euro. It is time that they took responsibility for their actions and time they accepted that their plans are ruining Britain and ruining the lives of people in my constituency.

It is not just young people who are suffering; long-term unemployment among the over-50s is up by 20%. Just at the time when people should be able to relax and enjoy their lives, and when they should be able to plan for retirement, they are thrown on to the scrap heap.

I have told the House before about the 10 years in the '80s and '90s when I worked with unemployed young people. That was the last time the Tories thought that unemployment was a price worth paying. I have told the stories of the young people who took their own lives; the young people who turned to drugs and alcohol; the young people who developed long-term mental health problems; and the young people who spent many years unemployed. It is the truth that when the economy eventually recovered, employers preferred to take on the 16-year-olds who were fresh out of school than the 26-year-olds who had spent most of the previous 10 years out of work with nothing to do and nothing to get up for. Those stories of 15 years ago are starting to repeat themselves. If the Government continue to follow their failed policies, we will have another generation with no jobs, no hope and no future.

The Government also ignore the health costs of unemployment. Unemployed people are twice as likely to have a psychological illness than those who are employed. Many studies in the '80s and '90s proved the links between serious diseases of major organs and unemployment. It is true that unemployment makes people ill.

The Government talk about making it easier to hire people, but in truth they mean making it easier to fire people. There are people in my constituency who are not only worried about their employers' economic future but doubly worried that their terms and conditions could be changed on a whim and that they could be fired despite doing nothing wrong. How can they buy a house or make another major purchase that would get the economy working when they are fearful for their future?

I do not believe that Ministers get it. They do not understand the reality of people worrying about losing their job, or their fear of not being able to feed or clothe their children. It is not too late to change tack and, for the sake of our constituents, the Government should do so.

4.40 pm

John Glen (Salisbury) (Con): In my constituency, 997 people are unemployed, which represents 2.3% of those who are economically active. I recognise that that is a modest number compared with many constituencies, but it is an absolute tragedy for every single one of those individuals, particularly the 85 who have been unemployed for more than 12 months.

I agree with much of what the hon. Member for Bolton West (Julie Hilling) said about the tragedy of unemployment. It means a loss of self-esteem, poor mental health, losing the pattern and discipline of work and losing hope. Listening to the debate this afternoon, I have found it very difficult to take the charge that all Government Members believe that unemployment is a price worth paying. I do not, but I do believe that it is a very sad economic reality.

The question is how the Government should respond. Should they act as though they have all the solutions and can essentially buy a load of jobs to relieve the misery overnight? Would that be a sustainable solution for the affected individuals in six, nine or 12 months' time? I do not think so.

Looking back to before the general election, I am certain that elements of the future jobs fund were worth while. However, when the Government are constructing a national scheme for getting people into work, there comes a point when they have to consider whether such a programme is the most cost-effective way of delivering sustainable skills and jobs that will lead people to full-time employment for many years.

Stephen Timms (East Ham) (Lab): Will the hon. Gentleman give way?

John Glen: I will not, because I want to give colleagues an opportunity to speak.

I believe that two significant matters need to be examined: supply-side reform and macro-economic stability. Many Members have already spoken about the excellent apprenticeship schemes, the work experience programme and the reforms under the new youth contract, but we need to recognise that if small businesses, such as the many micro-businesses in my constituency, are to be confident enough to take on new people, they need to feel that the Government are on their side. They need to know that the Government understand that they do not need so much regulation. They do not need the 14 new regulations a day that they had under the last Government. They want to know that we will exempt micro-businesses from new business regulation and EU accounting rules. Such issues influence whether a small business man takes the leap and takes somebody on in these difficult times.

We also need macro-economic stability. Low interest rates are important, because they condition investment decisions and how people feel about their finances. They cannot spend money that they do not have in a way that is expensive and does not have a secure outcome. The Government will not have all the answers, but they are on the right trajectory to relieve the misery, and I wish them well.

4.44 pm

Sheila Gilmore (Edinburgh East) (Lab): There has been some dispute about whether the coalition Government are the greenest Administration, but they are definitely good at recycling. In particular, the Prime Minister has recycled figures about private sector jobs in the past year and a half. Today, he said that the Leader of the Opposition was recycling jokes, yet he recycles the figure of half a million private sector jobs. Initially, it was half a million in the Government's first six months;

then, it was half a million in the year since they came to power, and now it is half a million since the election. The problem is that it is exactly the same half a million jobs. Half were created in the first quarter of the financial year that started in 2010. What caused that—the actions of the Government? I think not. It was the stimulus provided by the previous Government, whom the coalition Government are so fond of rubbishing. They do that consistently. After that burst of jobs, almost nothing has happened. The promise that if we squeezed the public sector, the private sector would rise up, take the strain and create jobs is not being fulfilled. Until we and our constituents see signs of that, we will simply not believe the Government.

As well as job figures, the Government are recycling ideas. Part of their approach since the election has been to suggest that unemployment is somehow a problem of individuals—of their not being willing, skilled enough or having the financial incentive to work because the benefits system is so generous. I was fascinated to come across a quotation from Sir John Anderson, who was head of the then Prime Minister's Secretariat in 1930. At a time when people were worried about unemployment, he said:

"Unemployment statistics give an exaggerated view of the magnitude of the problem".

Why? Because

"a large number of people really abused the Unemployment Insurance Scheme".

I do not think that many would say that unemployment in the 1930s was caused by people abusing an extremely low amount of benefit. It shows that nothing changes. The Conservative party has always said that at times of high employment. Increasingly, its coalition partners are also saying it. It was said in the 1930s and it was not true then; it is said now and it is still untrue.

That is not to say that training is not important, but it is not new, either. In Edinburgh, the city council considered employment in the first decade of this century. We had historically low unemployment at that stage, but a residual number of people were out of work, some for a long time. We considered training schemes and specialised job academies. For example, we had a health care academy and a social care academy, and we know that taking action is not always easy. The trouble with the Government is that they think they are at ground zero with many things. They imply that we did nothing and that they have sprung into life to make things better.

Yes, we need to train people properly, but training is not a job. The Work programme does not of itself create jobs. We must be absolutely clear about that.

4.48 pm

Alec Shelbrooke (Elmet and Rothwell) (Con): This debate is about unemployment and what can be done about it. However, the consideration of what unemployment means has been lost in some of our discussion. On Thursday, when travelling, we were delayed for an hour because someone had fallen in front of train in Alexandra Palace. I do not know whether it was a suicide attempt. At the weekend, we had the news in Leeds that a father had murdered his family and killed himself. Suicide is increasing and there must be a link with the economic situation. I hope that all hon. Members would deem that the personal disaster that it is.

I find it deeply offensive that Opposition Members mocked this afternoon every time Government Members said that we were trying to do something for the unemployed in this country. They are laughing at the unemployed. Do you know why you are laughing at the unemployed? Because the left has always used the unemployed as a political tool. If you keep people down, you try to use them as a tool. And what did you do in 13 years of government? You borrowed huge amounts of—

Madam Deputy Speaker (Dawn Primarolo): Order. I understand the hon. Gentleman feels very strongly about this, but he is addressing me, the Chair. He will not use the word "you"; he will please refer to "hon. Members".

Alec Shelbrooke: I apologise, Madam Deputy Speaker, but for 13 years, the Labour party bought jobs and did not lay a foundation for moving forward. It was left to this coalition Government—two of the major parties of this country coming together—to try to put in place the proper foundations.

The smiles of glee cannot be wiped off the faces of Opposition Front Benchers when there is bad economic news. That is reprehensible. Jobs cannot be bought by borrowing; economic stability that will last must be put in place. The difference between Government Members and Opposition Members is that we try to govern for the future of this country. Whether or not we are in power, we mean to ensure that we do what is right for this country. All the Labour party did was try to hang on to power, which is why we today face one of the biggest economic crises and the fastest growing level of unemployment in decades.

It is no good Opposition Members harking back to the '80s and '90s. We should not forget the very different circumstances, especially of the 1980s. The fact is that this Government have been dealt a terrible economic hand. I make the point again: it is not a Tory Government, as was said earlier, but a coalition Government of the two main parties of this country, which came together to sort this mess out. We have been mocked this afternoon. I have listened carefully and although the hon. Member for Bolton West (Julie Hilling) made a good speech, the most impassioned was by the right hon. Member for Rother Valley (Mr Barron)—he was the one who meant what he said. Other than that, unemployment has been used as a political football.

Grahame M. Morris: If the hon. Gentleman is advocating a particular course, he might give his opinion on this question: would he pay his 15-year mortgage off in five years if it meant sending his children to school hungry and without shoes?

Alec Shelbrooke: My response to that rather strange analogy is that if we were to follow the route taken by the Labour party, interest rates in this country would rise, hard-working families up and down the country would be paying another £1,000 a month on their mortgages and their children would go to school hungry, because of the folly of Labour's policies.

We have only to look at events around Europe. A 40% cut in public sector wages was proposed in Greece, but Ireland cut public sector wages by 15% to get on top of things, and yet all the Opposition say is that we should spend more money and buy jobs. That does not lay the foundations to move this country forward.

Julian Sturdy (York Outer) (Con): My hon. Friend is making a powerful point. As a fellow Yorkshire MP, does he agree that if we are to tackle unemployment in the north, we must tackle the north-south divide, which sadly widened under the previous Administration?

Alec Shelbrooke: I could not agree more with my hon. Friend. We could list example after example of when infrastructure spending was removed from the north of England and brought down to marginal seats in the south in what can only be described as an attempt to hang on to power, not operating in the best interests of this country.

A bit of humility from Opposition Members would not go amiss in this debate. Very few Opposition Members have this afternoon spoken about trying to tackle the problem. I go back to where I started: when someone becomes unemployed, it is a massive tragedy for that family. Where will they find the money to pay the bills? Where will they find the money for Christmas? It is no wonder that there is a rise in suicide rates. Opposition Members should not dare say that Government Members believe that that is a price worth paying. We do not. We believe that we need to put in place the strong foundations for an economy that will work in the long run, and that will work for generations beyond the one that has been terribly let down by the previous Labour Government.

4.54 pm

Grahame M. Morris (Easington) (Lab): I rise to support the motion in the name of my hon. and right hon. Friends on the Front Bench. We are aware of the national figures, so in the limited time that I have I will concentrate on the picture as it affects Easington and the north-east region.

As Opposition Members are aware, the north-east has suffered more than perhaps any other region. Unemployment currently stands at 11.7%. In both the public and private sectors, unemployment is rising unabated as a direct consequence of the Government's policies.

As we already know, the public sector is losing jobs more than 13 times faster than the private sector can create them. We were promised a private sector-led recovery. We were told that the public sector jobs that have been lost in the north-east—we have lost more than 32,000 so far—would be replaced by a growing private sector. That clearly has not happened over the past 12 months.

The latest job figures show that the north-east has lost a larger proportion of jobs than anywhere else in the country. We have 6,000 fewer jobs in the construction sector compared with the same period last year. Clearly, Government policy has had a direct impact on the private sector. Cutting infrastructure projects and the Building Schools for the Future programme has hit construction jobs. The figures produced by the northern TUC show that the public sector is losing 2,000 jobs a month.

As my hon. Friend the Member for Stockton North (Alex Cunningham) mentioned, the Conservative Government of the 1980s and early 1990s bear a heavy responsibility for the worklessness that exists in areas such as mine. When the traditional industries were still operating—in my case it was coal mining—the numbers of people who were employed were high and the numbers on benefit were relatively low. It was not until the pits closed that we saw significant increases in unemployment and incapacity claims. As hon. Members have already said, there is a human cost to unemployment. After closing the pits in Easington and in the north-east, the Conservatives left villages, towns and entire communities without work.

Ian Lavery (Wansbeck) (Lab): Does my hon. Friend agree that the unemployment statistics in Easington are very similar to those in Wansbeck? In my constituency, there is in excess of 30 people applying for each job vacancy and that is intolerable. The Prime Minister has kept one of his promises: before the election, he said that the north-east would be hit the first and hit the hardest.

Grahame M. Morris: Indeed. I share my hon. Friend's concerns, and that has certainly been the case. We are facing a worsening of the north-south divide. It is also the case that the north-east has faced some of the worst increases in unemployment across the UK. The hon. Member for Salisbury (John Glen) said that there were 1,000 people out of work in his constituency. There is more than three times that number in my constituency. The number of 18 to 24-year-olds out of work in Easington has increased by 65%. For the over-50s, the figure is up 58%, which is just as concerning. The situation for those out of work in the north-east is much bleaker than in many other regions.

Unemployment and worklessness are not evenly spread across the country. Indeed, they are concentrated in particular pockets, largely the older industrial areas of the north-east, Merseyside, Scotland and Wales, and that makes unemployment far harder to deal with. I should like to commend the excellent work carried out by Professor Steve Fothergill and his colleagues at Sheffield Hallam university in identifying some possible solutions. I know that time is short, so I will bring my speech to a close.

There are real concerns about the Government's intentions in relation to workfare. If jobs exist, why are they not being offered as real jobs with real wages? We need a plan from the Government for jobs and growth. Our Front-Bench team has a five-point plan to kick-start the economy, but the Government could go further. There are some helpful suggestions from the Institute for Public Policy Research for supporting employment, and I raised them with the Minister of State, Department for Work and Pensions, the hon. Member for Thornbury and Yate (Steve Webb), in a recent Adjournment debate. I would point out, however, that the Government's promises on jobs and growth are as hollow as a chocolate Father Christmas.

4.59 pm

Fiona O'Donnell (East Lothian) (Lab): I want to begin by answering some of the accusations made by the hon. Member for Elmet and Rothwell (Alec Shelbrooke). I do not think that it is a price worth paying to see the failure of this Government just so that we can get any kind of political advantage. He should have withdrawn his remarks—Members were not laughing, we were saying that the Government's plan is not working.

Jobs and employment are the biggest issue in my constituency and the latest figures now show that just under 2,000 people are claiming jobseeker's allowance and chasing 191 vacancies in East Lothian. That means

that if every Member sitting on the Government Benches went for a job, only one would stand a chance of getting one.

I also want to address the comments made by the hon. Member for Cardiff Central (Jenny Willott). She spoke about the voluntary sector and her contribution contained a lot of sense and value. I concede that Government Members care about unemployment. I have no doubt that when the Secretary of State for Work and Pensions went to Glasgow East and saw what poverty and deprivation did that he was genuinely moved, but I think there is a real gap when it comes to introducing policies and systems that help and support people in getting out of poverty and long-term unemployment. The Government talk about the voluntary sector playing a role when they are cutting the public sector, but the voluntary sector, which played such an important role in the future jobs fund, is now less able to respond to people's needs.

The hon. Member for St Albans (Mrs Main) made the most unhelpful remark in the entire debate when she said that the Prime Minister went to Europe to stand up for London. I remind her—even the Prime Minister knew this—that there are financial services sector jobs across the United Kingdom, not only in London.

Mrs Main *rose—*

Fiona O'Donnell: I will give way, but I am going to try to be disciplined and not take the extra time.

Mrs Main: I thank the hon. Lady for giving way and I completely agree with her. That is why I am sure that she is as surprised as I am that those on the Opposition Benches did not agree with the Prime Minister.

Fiona O'Donnell: What I had really hoped for was a little humility. We have been preached to about humility, but the hon. Lady completely failed to recognise that there are financial services sector jobs in other parts of the country. My constituency is heavily dependent on the financial services sector in Edinburgh, and we will see what happens. The signs since this Government came into office have not been good.

The Government offer us the Work programme. I have been to visit the providers in my constituency. A woman opened up a spreadsheet and said she was not sure whether she was meant to show me it. It was, in effect, a profit and loss account showing at each quarter how many people the providers need to help into work to get a return on the payments from the Government. The most depressing thing was seeing the percentage they expected not to find their way in to work at the end of the two years.

My fear is that providers will not invest the resources in supporting that percentage, whom we could probably all identify when they walk in the door, when they are the very people who need more help and support to take them back into work. This is where the Government do not get it.

I remember during the 1997 general election knocking on a door and meeting a woman who was still in her pyjamas in the early afternoon and trying to convince her that she could get out, vote Labour and make a difference. She did not even have a reason to get dressed. When Government Members hear of a case like that, they think in terms of a drain on resources, and resentment and a grudging feeling come over them. They do not think about how to support someone like that and what it might mean for someone to have reached that low point in their life when they do not think that they have any contribution to make to society.

I am also particularly concerned about the increase of 55% in the number of young people in my constituency who have faced no prospect of finding work since this Government came into power. The future jobs fund gave them hope. Government Members keep yelling that it did not lead to real jobs, but the hon. Member for Cardiff Central, to give her credit again for bringing some reason into the debate, talked about the elements of the fund. She described eloquently how it helped young people to break the habit of not getting up in the morning, to gain self-esteem and to feel not only supported but understood.

We take no joy in the Government's failure to address the needs of people who are seeking work, or to create the jobs that could lift them out of poverty. It is not a price worth paying for the political advantage that we are benefiting from.

5.5 pm

Nia Griffith (Llanelli) (Lab): The latest unemployment figures are absolutely shocking: 133,000 in Wales alone; and, in some areas such as the Rhondda, 20 people are chasing every single job vacancy. As we look around our constituencies, we see people losing their jobs because of the Government's savage cuts to public services, and because private firms that thrived on public procurement are seeing their order books empty. We see people losing jobs in the private sector because consumer confidence is low and demand is down, and we just need to look at our high streets and town centres to see shops closing, including those of big household names and local businesses.

If any programme to get people back into work, such as the Work programme, is going to be successful, and if people are going to have a chance of getting a job, the Government need to get their act together and get a growth strategy—now, before it is too late; now, before any more firms go bust; now, before any more shops on our high streets close; and now, before any more families suffer the scourge of unemployment.

But we see nothing from the Government that will stimulate consumer confidence or demand. On the contrary, we have seen this shameless coalition Government hike VAT up to 20%, despite the fact that just before the election, in April 2010, the Conservatives and the Lib Dems vigorously denied any intention of increasing it. Now, they are ignoring Labour's calls to cut it.

The Federation of Small Businesses has described the Government's abysmal attempts at a growth strategy as

"too timid and out of touch with the reality of the UK's sluggish economy."

Indeed, back in July the British Chambers of Commerce said that the Government's deficit reduction plan was

"already dampening demand and adding significantly to the pressures facing businesses and individuals."

It called on the Government to strengthen their efforts to stimulate growth. Did the Government listen then? No. Are they listening now? No.

[Nia Griffith]

We have not seen the long-term strategies or the certainty that firms need in order to invest. Let us take the feed-in tariff fiasco. In my constituency alone, we are losing many jobs, because a new policy has been introduced in only six weeks, just like that, meaning that nobody has the confidence to put up the £10,000 to install solar panels on their roof. What other scheme do the Government have in mind whereby people put up £10,000 up-front to help to secure jobs in their local economy? I do not think they have one other idea.

In Wales we can show Members a better way—the one mentioned in the motion before us is being put into practice by the Welsh Government. The Labour Government in Wales are creating 4,000 jobs a year for young people in the private sector through the Jobs Growth Wales programme; helping to create jobs in the construction sector by continuing to build schools and houses; and helping businesses by making £55 million available in grants and loans to them. The problem, however, is that the Welsh Government are having to do this against the background of UK Treasury policies, which are making it very difficult for any business to flourish. We have a Chancellor who is determined to suck money out of our local economies, making it extremely difficult for local businesses to keep going.

We all know that people on the lowest and most modest incomes spend their money most rapidly in the local community, because they have to for their day-to-day needs, so let us look at a few examples of how the Government are squeezing hard-pressed families and sucking money out of our local economies. First, there is the VAT hike, which I have mentioned.

Secondly, there is the winter fuel allowance. Most pensioners, certainly in Wales and in many unemployment hot-spots across the UK, are not millionaires but need that £100, so they are transferring money that they would have spent in the local economy and putting it by to pay for their fuel. That money is leaving the local economy, with the economy in Wales alone losing some £31 million.

Thirdly, we have real cuts dressed up as freezes, such as those on public sector pay and on child benefit, and they are translating into money that people do not have to spend in the local economy. Fourthly, the 3% hike in pension contributions is taking £2.8 billion out of the economy; and fifthly, tax credits are being taken away from people who work less than 24 hours a week. But people just cannot, unfortunately, get those hours, and they are from some of the very poorest households. They are trying to work and to keep the family together, yet they are going to have even less money to spend and less money to stimulate the economy, so there are going to be even more job losses. The Government must do something now to put that right and get growth going.

5.9 pm

Geraint Davies (Swansea West) (Lab/Co-op): The last Labour Prime Minister will be remembered in the economic history books as the man who in 2008, alongside President Obama, averted a depression of a 1930s quantum by invoking a fiscal stimulus. The current Prime Minister may well be remembered as the Prime Minister who prematurely used his veto to stop Europe putting together a plan to promote economic stability and growth, and avert a crisis in the euro and a national sovereign debt crisis across Europe. We all know that we did not want the financial transaction tax, but that could have been vetoed at a later date.

We have a deficit, as we all know, two thirds of which was the responsibility of the international financial markets and the banks. The remaining third was due to the excess investment over earnings of the Labour Government. There should be no apology for that, because that investment was in lower VAT, the car scrappage scheme and so on, which stimulated growth on the back of what could have been the worst depression since the '30s, and reduced the deficit forecasts by some £22 billion. With the change of Government there was a change of focus, from growth to cuts. Growth has now stopped. The immediate judgment of the new Chancellor was to announce 500,000 job cuts and, for instance, 7% cuts in local government for four years. That meant that everyone in local government thought they were bound to lose their jobs and therefore stopped spending. The reduction in consumption and spending has meant a depression in growth. Now the deficit forecasts are not going down, but going up. They went up to £46 billion, and now they are £158 billion.

As for business and inward investment, the Chinese are coming to Cardiff tomorrow. They are concerned about a country whose growth is flatlining, which has strikes and riots provoked by the Government parties' policies, where crime is rising for the first time and waiting lists are going up—again, through cuts—and where the educational standards of those going to university are beginning to fall off. In other words, this dualist idea—that if we get rid of the public sector, the private sector will be all right—is completely fallacious. The Labour party has a five-point plan. For example, the VAT change would stimulate £46 million in the local economy in Swansea, helping to create new jobs, while lower national insurance rates would also be helpful in stimulating building businesses.

I should mention that the interest rates that we now enjoy are thanks to the Labour Government making the Bank of England independent. We remember the last time the Tories were in, when interest rates hovered between 10% and 15%, so I will take no lessons from the Conservatives about how the austerity plans and unemployment are the reason for low interest rates. In fact, since the summer, interbank borrowing rates—that is, wholesale rates—have increased by 1%, so small businesses are suffering.

Finally, there is a glimmer of hope for the future in Swansea and Wales, thanks to the standard and quality of research and development in both our universities, which are working with UK Trade & Investment to network into international markets. However, with an enterprise zone in Bristol, parked on the gateway to Wales, we are not helped, frankly, by the continuation of rising tolls on the Severn bridge, especially when we see them being cut on the Humber. That is basically leading to disinvestment in many investment projects, whether in St Athan or the Severn barrage. There is hope, but we need a refocus on growth, instead of an endless focus on cuts. Anyone who runs a business that is making a loss needs to focus on revenue, not just

cutting everything. The Government need to think again and remember the success of the previous Labour Government.

5.13 pm

Kate Green (Stretford and Urmston) (Lab): Let me make a few brief points. There is a lot of emotion and pain about rising unemployment, for the many reasons that were eloquently expressed by many Members from across the Chamber, including, as the hon. Member for Elmet and Rothwell (Alec Shelbrooke) said, my hon. Friend the Member for Bolton West (Julie Hilling) and my right hon. Friend the Member for Rother Valley (Mr Barron). We make those emotional points strongly not because we want to re-fight the class wars of the 1980s and 1990s, but because we want to ensure that we learn to understand the impact of letting unemployment rise unchecked without properly and effectively intervening. I therefore hope that Government Members will not misinterpret me when I say that one of the things that we should learn about—in addition to what happens when whole generations are lost, along with the insult and disrespect that they feel—is what that leads to, in terms of alienation and the kind of behaviours it can drive. When we look at the lessons from the interim report of the official inquiry into the riots, I hope that we will take note of the rising sense of alienation among our young people and ensure that our employment policies specifically address it.

I want to ask a couple of questions about the Work programme. It cannot resolve the shortage of jobs, but it can prepare people to be better able to take the opportunities if and when they are made available. It is a matter of great regret to many Labour Members that there is so little transparency about how the Work programme is performing.

I hope that the introduction of the wage subsidy, which it seems might be related in some way to the operation of the Work programme, will not mean a double payment to Work programme providers or a double cost to the economy. I hope the Minister can reassure us on that. I hope, too, that he will say something about whether providers continue to see Work programme contracts as viable. Providers in my region are certainly expressing the concern to me that the lack of jobs means that it will not be possible for them to carry on without coming back to have further discussions with the Government about the payment structure and rewards built into the contracts. We need to know just how Ministers see the economic and financial viability of the Work programme in these very different economic circumstances from those in which the contracts were designed and let.

The Minister should acknowledge that the payment structure in the Work programme does not reward people only for getting someone a job and keeping them there for two years. There should be interim payments all the way through. When we look at the way in which people are moving into employment, I am particularly concerned that we do not move them just to short-term, stop-go, sporadic episodes of employment, whereby Work programme providers pick up some of the payment and redesign their model to make it sufficiently economically viable for them to keep the contract manageable, but do not deliver the sort of long-term sustainable jobs that I think we all want.

Finally, let me support the comments of my hon. Friend the Member for Llanelli (Nia Griffith). The Government have tools at their disposal not to make the situation worse. I ask them to look urgently at two aspects of tax credits. The first is about the operation of the rule that, as my hon. Friend said, requires couples to work a minimum of 24 hours. We know that employers are not able to offer more hours in the current economic climate, and that rule is going to drive people out of the workplace. I also ask Ministers to look once again at the operation of the child care element of working tax credit. Aviva has shown us that about 32,000 women are leaving the workplace because they cannot make work pay. That is a false economy, and I hope Ministers will—

Madam Deputy Speaker (Dawn Primarolo): Order.

5.17 pm

Stephen Timms (East Ham) (Lab): We have had an interesting and worthwhile debate.

In June last year, the Prime Minister told the House that cutting the deficit faster would revive private sector confidence. That was the basis for the whole plan: private sector investment and jobs would surge, and new private sector jobs would outweigh public sector job cuts. We now know that that plan has not worked. My hon. Friend the Member for Llanelli (Nia Griffith) and the hon. Member for Banff and Buchan (Dr Whiteford) were right to underline that the key assumption that confidence would surge has proved to be wrong. The new "Business Confidence Monitor" from the Institute of Chartered Accountants says:

> "UK business confidence has collapsed…Confidence has declined across all sectors and all regions."

My right hon. Friend the Member for Rotherham (Mr MacShane) was right to underline the seriousness of the crisis we face.

Nobody claims that the coalition strategy has worked to boost confidence. We will take different views about the reasons why it has not worked, but the fact that it has not worked is beyond dispute. Public sector job cuts now far exceed new private sector jobs—by 67,000 to 5,000 in the last quarter. My hon. Friend the Member for Edinburgh East (Sheila Gilmore) was right to draw attention to the fact that Conservative Members like to look further back, closer to the election, when there were still beneficial effects from the previous policies. Today, however, private sector job creation has completely stalled.

The Office for Budget Responsibility tells us that more than 700,000 public sector jobs will go; already, for the first time, more than a million young people are out of work. My hon. Friends the Members for Ynys Môn (Albert Owen), for Stockton North (Alex Cunningham) and for Easington (Grahame M. Morris) pointed out what that means in communities around the country.

What are the Government doing? Not long ago, the Minister of State, Department for Work and Pensions, the right hon. Member for Epsom and Ewell (Chris Grayling) told us that all this fuss about youth unemployment was a distraction.

Chris Grayling: May I ask the right hon. Gentleman, who is a decent man, to go and look at the original quotation? If he does so, he will find that I said that the actual figure for youth unemployment was 730,000. The 1 million figure is not a true reflection of the position, because it includes a large number of full-time students looking for part-time jobs. I do not count those as being unemployed.

Stephen Timms: The Minister should take that up with the Office for National Statistics.

Last month the Government finally recognised that they had to do something and announced the youth contract, but they have not made up their minds about the details. There appears to be some haggling with the Chancellor about how it will work, and it is clear that the Government's providers have no idea how they are supposed to be delivering it from next April. A year after the Deputy Prime Minister said—so he tells us—that something needed to be done, there has still been no action.

Although we do not know the details, we can say one thing for sure: it was folly to scrap the future jobs programme and allow youth unemployment to rocket. As was recognised by my right hon. Friend the Member for Rother Valley (Mr Barron), my hon. Friends the Members for Bolton West (Julie Hilling) and for Stretford and Urmston (Kate Green), and, indeed, the hon. Member for Salisbury (John Glen), a generation of young people will bear the scars of that folly throughout their working lives because Ministers were asleep at the wheel. All along, we were assured that the solution would be in the Work programme—that it would solve all the problems—but the truth is that the programme was rushed and inadequately planned. As we pointed out at the time, there needed to be a plan for transition from the previous programmes to the new one, but there was no such plan.

So how has the Work programme fared? As my hon. Friend the Member for Stretford and Urmston pointed out, Ministers have gone to extraordinary lengths to block the publication of data about what it is achieving. I am told that officials have threatened Work programme providers that if they publish any figures, they will lose their contracts. I well understand the concern of the provider in the constituency of my hon. Friend the Member for East Lothian (Fiona O'Donnell) who said, "I should not show you this, because if I do I may lose the contract."

Absurdly, the Minister of State claims that the purpose of the ban was to meet the requirements of the United Kingdom Statistics Authority. As we have been reminded, he has some form with the authority. However, its chairman wrote to me last week:

> "The Statistics Authority has not been consulted on whether it would be appropriate for Work Programme providers to publish their own performance data."

It was the Minister's decision to hush things up, not that of the United Kingdom Statistics Authority. As I told the Minister yesterday in Committee, the same organisations published their performance data in the flexible new deal, under the same United Kingdom Statistics Authority rules. They actually want to tell people what is going on and what is happening. The Minister must lift the ban.

According to the foreword to the White Paper "Open Public Services", signed by the Prime Minister and Deputy Prime Minister in the days when they used to agree with each other,

> "it is only by publishing data on how public services do their jobs that we can wrest power out of the hands of highly paid officials and give it back to the people."

How true that is, but in this case the Minister is resolute: they shall not know.

As it happens, it is possible to glimpse how the programme has been going by looking at the number of people coming off benefit each month. It is no surprise that the number plummeted in May, when the flexible new deal ended. The fact that it continued to be low as the Work programme got going should also have been no surprise, because that always happens. If we compare the months after May with the same period last year, we see that poor Work programme performance resulted in an estimated 86,000 people who should have obtained work not obtaining it. That is probably a permanent unemployment rise. The damage will be with us for years.

Incidentally, to deliver that worse performance, the Government had to pay out millions. I have heard that they had to pay tens of millions in penalty charges for early termination of flexible new deal contracts. I wonder whether the Minister can tell us how many millions of pounds the Government had to pay to prevent those 86,000 people from obtaining jobs.

The Government told us that the Work programme would enlist an army of voluntary organisations to give specialist help. To begin with, we were told that 508 voluntary sector organisations would be involved. By August, the number had fallen to 423. I met a group of them last month—superb organisations such as St Mungo's, with a great track record in helping homeless people into work. They had agreements with three different prime providers in London. How many people had been referred to them for help under the Work programme in the six months since it started? None—not a single person. Dyslexia Action has Work programme agreements in six different areas. How many referrals has it received in the six months since June? I checked with it yesterday. None; not a single person; nobody at all. These are good organisations. They tooled up and acted in good faith on what the Minister said. He led them up the garden path; he has not delivered. The Merlin standards that he said would safeguard them have proved completely worthless.

Others who have had referrals told us that relationships in the Work programme are terrible. Prime providers are not talking to sub-contractors; jobcentres are not talking to prime providers; and as was rightly said earlier, there are persistent rumours of serious financial problems ahead in the new year. Can the Minister who is winding up tell us what contingency plan he has for the eventuality of a Work programme provider failure? The Minister of State, Department for Work and Pensions, the right hon. Member for Epsom and Ewell has indicated that he is relaxed about that eventuality. What will the Department do if it occurs?

It is clear that we need a new approach. We have spoken about the alternative five-point plan, which my hon. Friend the Member for Swansea West (Geraint Davies) was right to underline. That, at last, would give us a chance, and it is a chance we desperately need.

5.26 pm

The Minister of State, Department for Work and Pensions (Steve Webb): It is important in the few minutes remaining to put on the record some of the facts about the current situation, because there is a danger that the tenor of what we have heard from the Labour party might talk down the British economy and lead to an unnecessary depressing of confidence at a time when we need realism, not talking down the hard-working people in our economy.

Let me give an example. One would hardly believe from today's debate that since the general election, the number of people in work in this country has risen by a quarter of a million. In fact, the number of people in private sector jobs has risen by more than half a million.

Sheila Gilmore: Will the Minister give way?

Steve Webb: In a second. So when it is said that the private sector is not expanding, that is simply not right. People say that there are no jobs, but there are half a million additional private sector jobs. The hon. Lady made the point that that is looking over the whole period, so I will take her at her word. Let us look at the last month. In it, the number of people in work has risen by 38,000. Of course, we can all choose different time periods—Labour Members used the last quarter, for example—but my point is that selective use of statistics, such as that made by the right hon. Member for Birmingham, Hodge Hill (Mr Byrne), creates a highly misleading impression and talks down the British economy in a way that is in nobody's interests.

Mr Byrne: The Minister is characteristically generous in giving way. Surely he cannot celebrate the fact that employment over the last quarter has fallen by some 63,000, and that 13 times more jobs are being lost in the public sector than jobs are being created in the private sector. He cannot tell the House today that everything is going well, surely.

Steve Webb: Of course, I did not say that everything is going well, but the right hon. Gentleman cannot deny that in the last month, an extra 38,000 jobs, net, have been created. We can choose different time periods. As my right hon. Friend the Minister of State said, the claimant count rose by 3,000 in the last month, but that is more than offset by the fact that people who were previously on incapacity benefit have been reassessed on to JSA, and lone parents have been required to look for work and moved on to JSA. In fact, without those policy changes, JSA numbers would have fallen in the last month. That is why my right hon. Friend was absolutely right to talk about signs of stabilisation in the job market.

As a number of Members on both sides of the House said—my hon. Friend the Member for Salisbury (John Glen), the right hon. Member for Rother Valley (Mr Barron) and others—every single person on the unemployment roll is a person too many, but if we overstate the doom and gloom, we talk down confidence in the economy, which is to the detriment of all our constituents.

Let me respond to the claim made by the right hon. Member for Rother Valley and others that long-term youth unemployment is up—and I quote—"93%". Labour Front Benchers have clearly supplied all their Back Benchers with figures for their constituencies. The only problem is that all of them are wrong. Labour Members might be interested to learn that what used to happen is that under measures such as the new deal, people had to move off JSA after a certain period and were paid something else—a training allowance—or they got a temporary job; then, when they went back on to JSA, as so many did, the clock started again. Hey presto—a long-term unemployed person had been converted into a short-term unemployed person. They had not got a job; they had just been taken out of the figures. We have stopped doing that. As a result, if all the factors are taken into account—the people who were excluded from the statistics because they were on training allowances or in temporary jobs—the number of long-term claimants aged 18 to 24 is about the same now as it was in 2010.

To hear Labour Members, one would think that the numbers had doubled. The right hon. Gentleman was very angry about that, and had they doubled he would be right to be so, but they have not doubled—in fact, they are roughly the same.

Mr MacShane: Yet.

Steve Webb: The right hon. Member for Rotherham (Mr MacShane) said that it was "absurd" to blame all the problems on this Government. That was gracious of him, although I take great offence at his attack on Oxford PPE graduates, but to hear Labour Members today, one would have thought there would have been no public sector job losses at all had they stayed in power. They were planning tens of billions of pounds of cuts. How many public sector jobs would have gone had they gone ahead with their tens of billions of pounds of cuts? They have no idea—no idea at all.

Several hon. Members mentioned interest rates. We were told that we inherited low interest rates, and the Bank of England base rate was indeed low. The question was what decisions did we, as a new Government, have to make to get the fiscal position under control. Because we took the difficult decisions early—pretty much every one of which has been opposed, item by item, in the course of this debate—the interest rates at which the British Government are borrowing have stayed low while other countries' debt rates have soared. As a result, in this Parliament we have saved £22 billion in debt interest—money we can spend on services and on helping the unemployed which would not have been available had we listened to Labour.

Early in the debate, my hon. Friend the Member for Monmouth (David T. C. Davies) said that we need to tackle red tape. He is right, and we have the red tape challenge, which has already resulted in substantial deregulation in, for example, retail and hospitality, with much more to come. I am grateful to him for making that point.

My hon. Friend the Member for Cardiff Central (Jenny Willott) highlighted the fact that pension funds will now be asked to invest more in the long-term infrastructure of this country—and rightly so. It is shocking that, for so many years, the money in our pension funds was not invested in our long-term infrastructure. This coalition Government are taking action to tackle that.

[Steve Webb]

The hon. Member for Stockton North (Alex Cunningham) referred to the regional growth fund money in his constituency, and I am grateful to him for acknowledging the good that it can do. He asked about incentives to take on the long-term unemployed and the young unemployed. The youth contract is being introduced so that when people take on 18 to 24-year-olds from the Work programme—so they are long-term unemployed—they will get an incentive worth £2,275. That is more than a year's free national insurance, so it is a valuable incentive. Unlike point five of this fantastic five-point plan we have heard about, which would reward small firms that take on anybody—including someone they were going to take on anyway and who would have got a job—our incentive is targeted on the long-term unemployed. That is the crucial point. Only one person in this debate has mentioned cost-effectiveness—my hon. Friend the Member for Salisbury. The right hon. Member for East Ham (Stephen Timms) said that it was a scandal, or something, to have finished up the future jobs fund, but he should know that that fund was costing more than £6,500 per place, whereas our work experience programme costs a twentieth of that and delivers the same sort of outcomes. Cost-effectiveness simply is not on the Labour party's radar.

In the few seconds available to me I shall not have the chance to go through all hon. Members' contributions. My hon. Friend the Member for North East Hertfordshire (Oliver Heald) flagged up the record national debt that we were left and my hon. Friend the Member for St Albans (Mrs Main) talked about the collective amnesia of Labour Members and asked why they did not tackle bankers' bonuses. Just before the election, they introduced a temporary bankers' bonus tax—

Mr Alan Campbell (Tynemouth) (Lab) *claimed to move the closure (Standing Order No. 36).*

Question put forthwith, That the Question be now put.

Question agreed to.

Main Question accordingly put.

The House divided: Ayes 233, Noes 307.

Division No. 413] **[5.35 pm**

AYES

Abbott, Ms Diane
Ainsworth, rh Mr Bob
Alexander, rh Mr Douglas
Alexander, Heidi
Ali, Rushanara
Allen, Mr Graham
Anderson, Mr David
Ashworth, Jonathan
Austin, Ian
Bailey, Mr Adrian
Bain, Mr William
Balls, rh Ed
Banks, Gordon
Barron, rh Mr Kevin
Beckett, rh Margaret
Begg, Dame Anne
Bell, Sir Stuart
Benn, rh Hilary
Berger, Luciana
Betts, Mr Clive
Blackman-Woods, Roberta
Blears, rh Hazel
Blenkinsop, Tom
Blomfield, Paul
Blunkett, rh Mr David
Bradshaw, rh Mr Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr Nicholas
Brown, Mr Russell
Bryant, Chris
Buck, Ms Karen
Byrne, rh Mr Liam
Campbell, Mr Alan
Campbell, Mr Ronnie
Caton, Martin
Chapman, Mrs Jenny
Clark, Katy
Clarke, rh Mr Tom
Clwyd, rh Ann
Coffey, Ann
Connarty, Michael
Cooper, rh Yvette
Corbyn, Jeremy
Crausby, Mr David
Creagh, Mary
Creasy, Stella
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Curran, Margaret
Danczuk, Simon
Darling, rh Mr Alistair
David, Mr Wayne
Davidson, Mr Ian
Davies, Geraint
De Piero, Gloria
Denham, rh Mr John
Dobbin, Jim
Dobson, rh Frank
Docherty, Thomas
Dodds, rh Mr Nigel
Donaldson, rh Mr Jeffrey M.
Donohoe, Mr Brian H.
Doran, Mr Frank
Dowd, Jim
Doyle, Gemma
Dugher, Michael
Eagle, Ms Angela
Eagle, Maria
Edwards, Jonathan
Efford, Clive
Elliott, Julie
Ellman, Mrs Louise
Esterson, Bill
Evans, Chris
Farrelly, Paul
Field, rh Mr Frank
Fiello, Robert
Flint, rh Caroline
Flynn, Paul
Gapes, Mike
Gardiner, Barry
Gilmore, Sheila
Glass, Pat
Glindon, Mrs Mary
Godsiff, Mr Roger
Goggins, rh Paul
Greatrex, Tom
Green, Kate
Greenwood, Lilian
Griffith, Nia
Hain, rh Mr Peter
Hamilton, Mr David
Hamilton, Fabian
Hanson, rh Mr David
Harman, rh Ms Harriet
Harris, Mr Tom
Havard, Mr Dai
Healey, rh John
Hendrick, Mark
Hepburn, Mr Stephen
Heyes, David
Hilling, Julie
Hodge, rh Margaret
Hodgson, Mrs Sharon
Hood, Mr Jim
Hopkins, Kelvin
Hosie, Stewart
Hunt, Tristram
Irranca-Davies, Huw
Jamieson, Cathy
Jarvis, Dan
Johnson, rh Alan
Johnson, Diana
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Jowell, rh Tessa
Joyce, Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Kendall, Liz
Khan, rh Sadiq
Lavery, Ian
Lazarowicz, Mark
Leslie, Chris
Lewis, Mr Ivan
Lloyd, Tony
Llwyd, rh Mr Elfyn
Long, Naomi
Love, Mr Andrew
Lucas, Caroline
Lucas, Ian
MacNeil, Mr Angus Brendan
MacShane, rh Mr Denis
Mactaggart, Fiona
Mann, John
Marsden, Mr Gordon
McCabe, Steve
McCann, Mr Michael
McCarthy, Kerry
McClymont, Gregg
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr Pat
McGovern, Jim
McGuire, rh Mrs Anne
McKechin, Ann
McKenzie, Mr Iain
McKinnell, Catherine
Meacher, rh Mr Michael
Meale, Sir Alan
Mearns, Ian
Michael, rh Alun
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Mitchell, Austin
Moon, Mrs Madeleine
Morden, Jessica
Morrice, Graeme *(Livingston)*
Morris, Grahame M. *(Easington)*
Mudie, Mr George
Murphy, rh Paul
Murray, Ian
Nandy, Lisa
Nash, Pamela
O'Donnell, Fiona
Onwurah, Chi
Osborne, Sandra
Owen, Albert
Paisley, Ian
Pearce, Teresa
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reeves, Rachel
Reynolds, Emma
Reynolds, Jonathan

Riordan, Mrs Linda
Robertson, John
Robinson, Mr Geoffrey
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruane, Chris
Ruddock, rh Joan
Sarwar, Anas
Seabeck, Alison
Shannon, Jim
Sharma, Mr Virendra
Sheerman, Mr Barry
Sheridan, Jim
Shuker, Gavin
Simpson, David
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew
Smith, Angela
Smith, Nick
Smith, Owen
Spellar, rh Mr John
Straw, rh Mr Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr Gerry
Tami, Mark
Thomas, Mr Gareth
Thornberry, Emily
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Derek
Twigg, Stephen
Umunna, Mr Chuka
Vaz, Valerie
Walley, Joan
Watson, Mr Tom
Weir, Mr Mike
Whiteford, Dr Eilidh
Whitehead, Dr Alan
Wicks, rh Malcolm
Williams, Hywel
Williamson, Chris
Wilson, Phil
Winnick, Mr David
Winterton, rh Ms Rosie
Wishart, Pete
Wood, Mike
Wright, David
Wright, Mr Iain

Tellers for the Ayes:
Yvonne Fovargue and Nic Dakin

NOES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Amess, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Bacon, Mr Richard
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Beith, rh Sir Alan
Bellingham, Mr Henry
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Binley, Mr Brian
Blackman, Bob
Blackwood, Nicola
Boles, Nick
Bone, Mr Peter
Bradley, Karen
Brady, Mr Graham
Brake, rh Tom
Bray, Angie
Brazier, Mr Julian
Brine, Steve
Brokenshire, James
Brooke, Annette
Browne, Mr Jeremy
Bruce, Fiona
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, rh Mr Simon
Burrowes, Mr David
Burstow, Paul
Burt, Lorely
Byles, Dan
Cameron, rh Mr David
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Carmichael, Neil
Carswell, Mr Douglas
Cash, Mr William
Chishti, Rehman
Chope, Mr Christopher
Clappison, Mr James
Clark, rh Greg
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Cox, Mr Geoffrey
Crabb, Stephen
Crockart, Mike
Crouch, Tracey
Davies, David T. C. *(Monmouth)*
Davies, Glyn
Davies, Philip
Davis, rh Mr David
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dorries, Nadine
Doyle-Price, Jackie
Drax, Richard
Duddridge, James
Duncan, rh Mr Alan
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Farron, Tim
Featherstone, Lynne
Foster, rh Mr Don
Fox, rh Dr Liam
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fuller, Richard
Gale, Mr Roger
Garnier, Mark
Gauke, Mr David
George, Andrew
Gibb, Mr Nick
Gilbert, Stephen
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Gove, rh Michael
Graham, Richard
Gray, Mr James
Grayling, rh Chris
Green, Damian
Greening, rh Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Halfon, Robert
Hames, Duncan
Hammond, Stephen
Hancock, Matthew
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Harvey, Nick
Haselhurst, rh Sir Alan
Heald, Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendry, Charles
Herbert, rh Nick
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hollobone, Mr Philip
Holloway, Mr Adam
Hopkins, Kris
Horwood, Martin
Howarth, Mr Gerald
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Hunt, rh Mr Jeremy
Huppert, Dr Julian
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Jenkin, Mr Bernard
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lamb, Norman
Lancaster, Mark
Latham, Pauline
Laws, rh Mr David
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Lefroy, Jeremy
Leigh, Mr Edward
Letwin, rh Mr Oliver
Lewis, Brandon
Lewis, Dr Julian
Liddell-Grainger, Mr Ian
Lidington, rh Mr David
Lilley, rh Mr Peter
Lloyd, Stephen
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Luff, Peter
Lumley, Karen
Main, Mrs Anne
Maude, rh Mr Francis
Maynard, Paul
McCartney, Jason
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Menzies, Mark
Mercer, Patrick
Metcalfe, Stephen
Mills, Nigel
Milton, Anne
Moore, rh Michael
Mordaunt, Penny
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mundell, rh David
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Ottaway, Richard
Patel, Priti
Paterson, rh Mr Owen
Pawsey, Mark
Percy, Andrew
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Prisk, Mr Mark
Pritchard, Mark
Pugh, John
Raab, Mr Dominic
Reckless, Mark
Rees-Mogg, Jacob

Reevell, Simon	Swire, rh Mr Hugo
Reid, Mr Alan	Syms, Mr Robert
Rifkind, rh Sir Malcolm	Tapsell, rh Sir Peter
Robathan, rh Mr Andrew	Teather, Sarah
Robertson, Mr Laurence	Thurso, John
Rogerson, Dan	Timpson, Mr Edward
Rosindell, Andrew	Tomlinson, Justin
Rudd, Amber	Tredinnick, David
Ruffley, Mr David	Truss, Elizabeth
Russell, Bob	Turner, Mr Andrew
Rutley, David	Tyrie, Mr Andrew
Sanders, Mr Adrian	Uppal, Paul
Sandys, Laura	Vaizey, Mr Edward
Scott, Mr Lee	Vickers, Martin
Selous, Andrew	Villiers, rh Mrs Theresa
Shapps, rh Grant	Walker, Mr Charles
Sharma, Alok	Walker, Mr Robin
Shelbrooke, Alec	Wallace, Mr Ben
Shepherd, Mr Richard	Ward, Mr David
Simmonds, Mark	Watkinson, Angela
Simpson, Mr Keith	Weatherley, Mike
Smith, Miss Chloe	Webb, Steve
Smith, Henry	Wharton, James
Smith, Julian	Wheeler, Heather
Smith, Sir Robert	Whittaker, Craig
Soames, rh Nicholas	Whittingdale, Mr John
Soubry, Anna	Wiggin, Bill
Spelman, rh Mrs Caroline	Williams, Mr Mark
Spencer, Mr Mark	Williams, Roger
Stanley, rh Sir John	Williams, Stephen
Stephenson, Andrew	Williamson, Gavin
Stevenson, John	Willott, Jenny
Stewart, Bob	Wilson, Mr Rob
Stewart, Iain	Wollaston, Dr Sarah
Stewart, Rory	Wright, Jeremy
Streeter, Mr Gary	Wright, Simon
Stride, Mel	Yeo, Mr Tim
Stuart, Mr Graham	Young, rh Sir George
Stunell, Andrew	Zahawi, Nadhim
Sturdy, Julian	
Swales, Ian	**Tellers for the Noes:**
Swayne, rh Mr Desmond	Mark Hunter and
Swinson, Jo	Mr Shailesh Vara

Question accordingly negatived.

Business without Debate

DELEGATED LEGISLATION

Motion made, and Question put forthwith (Standing Order No. 118(6)),

That the draft Jobseeker's Allowance (Jobseeking and Work for Your Benefit) (Amendment and Revocation) Regulations 2012, which were laid before this House on 21 November, be approved.—(*Stephen Crabb.*)

Question agreed to.

PETITIONS

Park End Community Centre (Middlesbrough)

5.52 pm

Tom Blenkinsop (Middlesbrough South and East Cleveland) (Lab): The petition states:

The Petition of residents of Park End, Middlesbrough,

Declares that the Petitioners are concerned about the prospective closure of Park End Community Centre, which recently received £102,000 in lottery grant funding for a multi-games court, a skate park and a garden; that the Petitioners believe that this is a much-treasured community facility used regularly by residents of all ages and that the Petitioners are concerned that the closure of the centre will also have a negative impact on staff and users of the nearby Park End Medical Centre.

The Petitioners therefore request that the House of Commons urges the Government to ask Middlesbrough Council to ensure that funding for Park End Community Centre remains in place and that the centre remains open.

And the Petitioners remain, etc.

[P000989]

BAE Systems (Humber Region)

5.53 pm

Diana Johnson (Kingston upon Hull North) (Lab): I rise to present a petition of 4,385 constituents and others from the Humber area against the proposed loss of 899 skilled private sector jobs at BAE Systems in Brough. While Members will be enjoying the Christmas break, Boxing day will see BAE Systems complete a consultation process on the loss of strategically vital defence jobs in a region badly hit by unemployment and a shortage of decent jobs, as we saw again in today's jobless figures. Over 100 of the workers met the Prime Minister and the Leader of the Opposition today. We hope that this leads to an outcome that will save as many of the jobs as possible.

The petition states:

The Petition of residents of Humberside,

Declares that the Petitioners support workers at BAE Systems in Brough in their fight to save Humber jobs.

The Petitioners therefore request that the House of Commons urges the Government to support the defence industry by investing in modern manufacturing and regeneration around the Humber and to preserve skilled jobs and apprenticeships in the Humberside area.

And the Petitioners remain, etc.

[P000990]

Hinkley Point

5.54 pm

Tessa Munt (Wells) (LD): I rise to present the petition of the Stop Hinkley campaign. Those who live in the area around Hinkley, particularly in Somerset, would like the Government to look at alternatives to Hinkley Point.

The petition states:

The Petition of supporters of the Stop Hinkley campaign,

Declares that the Petitioners strongly oppose the plan by EdF (Electricite de France) to construct a new nuclear power station at Hinkley Point in Somerset and declares that as an alternative, the Petitioners believe that a Government-backed programme of energy saving and clean renewable energy would combat climate change and avoid the risks of catastrophic accidents and dangers to health resulting from the storage of highly radioactive waste at Hinkley for 160 years.

The Petitioners therefore request that the House of Commons urges the Government to commit to an energy policy based on energy saving and clean renewable energy, in which new nuclear power stations play no part.

And the petitioners remain, etc.

[P000991]

Pedestrian Access (Railway Stations)

Motion made, and Question proposed, That this House do now adjourn.—*(Mr Vara.)*

5.57 pm

Paul Blomfield (Sheffield Central) (Lab): I am pleased to have secured this debate. I admit that the subject might seem a little obscure to some Members, but the Minister will know that it is of great concern not only to people in my constituency but to all of Sheffield. I am delighted to be joined by my hon. Friend the Member for Penistone and Stocksbridge (Angela Smith) and my right hon. Friend the Member for Sheffield, Brightside and Hillsborough (Mr Blunkett). This issue has brought together an extraordinary coalition of local residents and local organisations who are united in their concern to maintain pedestrian access through our station.

I know that similar issues have arisen in other parts of the country. My hon. Friend the Member for Derby North (Chris Williamson) has shared with me his concerns from further down the midland main line. My hon. Friend the Member for York Central (Hugh Bayley), who cannot be here tonight, has shared with me the issues in his city. I know that the Minister of State, Department for Work and Pensions, the right hon. Member for Epsom and Ewell (Chris Grayling), has had problems of a similar nature at a station in his constituency.

This evening, I will explain the problem facing Sheffield and make three points. The first is that established pedestrian routes for non-rail users through railway stations should be respected and protected, not blocked by ticket barriers. Secondly, I will look at the relationship between publicly funded stations and station improvements and the franchise arrangements that have passed the management of our stations to private rail companies. Thirdly, I will challenge the one-size-fits-all approach to ticket barriers of the Department for Transport, and the implications for pedestrian access. I will draw extensively—but not too extensively—on the long-running campaign in my constituency and in the city to maintain access through our railway station. I will illustrate that railway stations are not just places where people get on trains, but can be so much more, as in the case of Sheffield.

In advance of tonight's debate, in an experiment in participatory democracy, I invited comments from constituents through Facebook, Twitter and e-mail, and I was overwhelmed with responses. I should like to thank those who contacted me for their support, and although I apologise for being unable to use all their comments, I will draw heavily on their views tonight.

Sheffield has an open station without ticket barriers, and it is not simply a place to catch a train. It is connected to our Supertram network via a tram stop at the back of the station, and it is just one minute on foot from the main bus interchange. As my constituent, Roz Wollen, says, we have a

"joined up transport system of tram, bus and train, all linked."

It is a model of an integrated transport hub and the only point in the city where all forms of transport come together, so the free movement of people around that hub is crucial.

The station is not just a transport hub. It sits at the bottom of one of Sheffield's seven great valleys. On one side is the city centre and on the other are the communities of Park Hill, Norfolk Park and beyond. The railway line runs down the valley, dividing the two, and the station is the natural link between the city centre and those communities.

The bridge that runs through the heart of the station is the only pedestrian route that unites the city. As Angela Andrassy says:

"The bridge also symbolises for me the joining of our area of the city to the city centre."

It runs from the main station concourse to the tram stop, then to the communities beyond and to key institutions such as Sheffield college and All Saints school. For residents coming the other way, it provides direct access to workplaces, shops, cinemas, theatres and Hallam university. The bridge and station, as Mark Doel says, are

"part of the civic landscape".

That landscape has recently been enhanced by the wonderful new South Street park, built with public money, which I was delighted to open in September. Footpaths come down the hill through the park and converge on the station bridge, providing the main route to the city for the communities that I mentioned.

The bridge was redeveloped as a main pedestrian route in 2002, as part of the £50 million redevelopment of the station and the adjacent Sheaf square. That redevelopment created the modern, accessible and award-winning station that we have today and the major pedestrian gateway to the city centre. Funding came from both the public and private sectors, with the city council, the passenger transport executive, Network Rail and the European Union all contributing.

That redevelopment not only transformed the station to give train passengers a fantastic first impression of our city, but crucially opened the bridge to more than 1 million people a year, at a cost of £7.5 million, giving pedestrians a safe and secure route to and from the city centre. Frank Abel, a pensioner, told me:

"I use the bridge several times a week walking into town...At all times of the day and evening there are people going up and down the new steps."

Gavin Bateman said:

"I use the footbridge through the station daily and my daughters use it on a regular basis. It is my contention that there is not an acceptable alternative".

As Viv Ratcliffe, who is wheelchair-dependent, asked me to point out:

"The bridge was built to integrate all aspects of transportation including pedestrians."

The station is not just a pedestrian gateway, a transport hub and a place to catch a train, it is increasingly a destination in its own right. In 2009 the Sheffield Tap opened at the station, and it has won awards. It is a pub that has quickly become a firm favourite not only of the Campaign for Real Ale but of travellers and non-travellers. Its arrival and subsequent success perfectly demonstrate that the station is increasingly a community hub and, in my view, a model station. As Gareth Slater points out,

"removing the bridge will damage the passing trade of the shops"

that have been developed in the station.

[Paul Blomfield]

I echo the words of former Virgin Trains chief executive, Chris Green, and the president of the Town and Country Planning Association, Sir Peter Hall, who wrote in the introduction to their report for the Government in 2009 on how to improve our railway stations:

"Stations are deeply entwined with their local community and effectively act as the gateway to both town and railway. They leave passengers with their lasting impressions of both."

Sheffield station's success is, however, entirely predicated on its being an open station, with pedestrian access right through it. When East Midlands Trains took over the management of the station in 2007 under a new franchise from the Department for Transport and signalled its intention to install ticket barriers across the bridge to tackle fare evasion, there was considerable local anger.

Ticket barriers will block pedestrian access through the station and close the bridge to all but train passengers. Since 2007, the Department for Transport has put pressure on EMT to install barriers, but I am pleased to say that, so far, it has been unsuccessful, not least because of a tremendous campaign against barriers led by the campaign group Residents Against Station Closure—RASC. For more than four years, it has thoughtfully and thoroughly pursued the issue through lobbying, campaigning and regular creative demonstrations. Indeed, this Friday its festive protest will involve seven Santas with their reindeer—[Hon. Members: "Are they real?"] I am not sure whether they are live reindeer, but that is the theme. They will cross the bridge and give out chocolate coins to children, as a reminder that public money built the bridge.

I have worked with RASC for most of the past four years, long before being elected to this place. I pay tribute to its members for their energy, leadership and ability to mobilise extraordinary support across the city and the political spectrum. They do not stand alone. In an online poll conducted by Sheffield council in 2009, 94% of people said that they opposed ticket barriers. All political parties in Sheffield, along with local schools, pensioners, neighbourhood and transport groups have signed up to oppose the barriers. Indeed, earlier this afternoon, the Deputy Prime Minister sent me a note, apologising for missing this, the second most important debate of the week, but saying that he

"continues to urge the DfT to come to a practical solution with the train company and Sheffield City Council which will allow pedestrians to continue to be able to use the bridge."

Institutions that are key to the city's economic and social fabric support the campaign to keep the bridge open, including the chamber of commerce, Hallam university, Sheffield college and Sheffield International Venues. They know that breaking up the city's transport infrastructure is bad for business, and makes Sheffield a less attractive place in which to work, study, live and invest.

Furthermore, the £150 million scheme, which is transforming the iconic and grade II* listed Park Hill flats—the largest listed structure in Europe—creating 874 new apartments and breathing new life into this part of the city, will be cut off from the city centre if access across the bridge is denied. It is madness, and the Park Hill developer, Urban Splash, understandably shares my strong opposition to barriers.

Local opposition has been exacerbated by the use of heavy-handed tactics to close the bridge on occasion. East Midland Trains has randomly shut the bridge to pedestrians, as it did one morning in May 2009, and it introduced human ticket barriers in February 2010. When, in September 2010, it was faced with angry residents who wanted to cross the bridge that it had closed without notice, it called in British Transport police, who handed out 45 cautions.

Underlining all that is the refusal of the Department for Transport and East Midlands Trains to acknowledge that Sheffield station is not just where you catch a train—it is a key part of the lives of the local people.

Angela Smith (Penistone and Stocksbridge) (Lab): My hon. Friend is making a good case for keeping the bridge barrier free. Is it not the case that people from all over the city, who work at places such as Sheffield Hallam could recently expect to get off the tram at the stop called "Sheffield Hallam" to access their place of work?

Paul Blomfield: My hon. Friend makes an important point. In stressing the communities that I represent in Norfolk Park and Park Hill, I do not want to underestimate the impact of closing the bridge on the wider city. That is a crucial tram stop, which is widely used by people coming to work during the day, people studying at Hallam university, and those coming to the cinemas and theatres in the evening. That bridge is crucial for them.

Before the Minister makes the point, I recognise that there is a problem with revenue loss, although attempts to gain accurate information on the scale of the problem have met brick walls. The Minister quantified it in a letter to me, at £2.3 million, only today, but we need more analysis. Fare evasion must be tackled, but barriers are not the one-size-fits-all answer that the Department for Transport seems to believe.

The problem of revenue loss lies with local services—main line services have cracked it through effective ticket checks on trains—but it is not simply deliberate fare evasion. I regularly travel on local services and it is often a challenge to pay. For example, I can join the train at an unstaffed station where I cannot buy a ticket.

The train companies could make much better efforts to collect fares, and on the busy trains, at peak times, when it can be difficult for ticket collectors, they could deploy staff on the platform. They could also install ticket machines at unstaffed stations. They could do a number of things. Barriers are the easy solution for the Department for Transport and the train companies, which are guilty—if hon. Members will forgive the pun—of tunnel vision, because they are ignoring the wider interests of the city. The station and its bridge were rebuilt with public money, so why are the needs of the public not being put first? Our taxes paid for the station improvements, yet the Department for Transport wants to relegate the needs of the public behind those of the train companies.

That raises important questions on future franchising arrangements and what control communities have and should have over our stations. The current franchise expires in 2015, and it is vital that the new round of tendering, which will begin in the next couple of years,

takes into account local views, so that the DFT and franchisees are not locked into an agreement that will damage our city.

This issue emerged under the previous Government, but let me reflect on how they dealt with it. The Transport Secretary at the time, Lord Adonis, listened to local people and challenged the policy of his officials, who appear to be the driving force behind the move to barriers. He listened, he came to Sheffield, he looked at the position, he attended a meeting of RASC and he responded to their concerns by announcing a clear and unequivocal commitment that there would be no barriers at Sheffield unless pedestrian access was maintained.

I want to know why the current Government will not honour that commitment and look forward to the Minister's remarks.

Chris Williamson (Derby North) (Lab): I have some experience of this problem in Derby. The station was gated, and although the authorities claim that pedestrian access has been maintained, it is complicated and difficult for pedestrians to gain access. Some need to obtain certification from the college on the other side of the railway line. That has caused local residents to object, so if my hon. Friend can prevent similar difficulties arising in Sheffield, I am four-square behind him, because I wish we did not have to contend with those problems in Derby.

Paul Blomfield: I am grateful to my hon. Friend for his intervention. I am aware of the situation in Derby. When EMT floated a similar proposal to tackle the problem in Sheffield, we drew heavily on the Derby experience in dismissing it as an impractical and unworkable solution.

That is one reason so many people are opposed to barriers. Indeed, when in opposition, the Minister wrote to a concerned rail expert on the matter. This is from his letter:

"Whilst barriers do work very well in some circumstances...it is by no means proven that revenue protection and passenger safety is achieved in others. For these reasons, I am opposed to the proposed new barriers at Sheffield and York railway stations."

Will the Minister confirm that that is still his view and, if not, why has he changed his mind?

I look forward to the Minister's response and his answers to these questions. Is he willing to travel to Sheffield and meet RASC to ensure that he properly considers the issues I have raised tonight?

Will the Minister provide a full breakdown of the revenue loss and explain exactly how it is calculated? What impact assessment has the Department conducted to evaluate the wider consequences for Sheffield, beyond the interests of the Department and the rail companies?

Why was there a reversal of the previous Labour Government's commitment that there should be no barriers at Sheffield unless pedestrian access was maintained, and will the Minister tell the House who took that decision? Will he state whether it is the Department's policy that every railway station should be gated? That seems to be the case from the incremental promotion of gating through franchise agreements, but if that is so, should that policy not be open to full debate?

Will the Minister say whether he now believes, as many in his Department do, that ticket barriers are the only solution to tackling fare evasion? Is it right that the DFT are making decisions from Whitehall about stations around the country without taking into account the local situation? Will he undertake to consult local communities before concluding the next franchise agreements for the management of local stations?

The words of my constituents tonight demonstrate that this is a disagreement not just between the Minister and me, but between the people of Sheffield and the micro-mismanagement of the DFT. The Department's intransigence in pressing this deeply damaging proposal will have a huge impact on our city. I hope that tonight will take us one step closer to a resolution of this issue.

In conclusion, let me quote two of my constituents. Mark Doel says:

"This government says that it believes in devolving power to the local people. Well, the local people have spoken with one voice."

Roger Donnison sums up Sheffield's case perfectly:

"All of the recent investment in and around the station has been based on open access via the footbridge. Integration of the railway with the tram, and of Park Hill with the city centre will be lost without it."

6.16 pm

The Parliamentary Under-Secretary of State for Transport (Norman Baker): I am pleased to respond to this debate and I congratulate the hon. Member for Sheffield Central (Paul Blomfield) on securing it and on putting forcefully the views of his constituents and others in Sheffield.

I fully recognise that there are local concerns regarding the access across the railway at Sheffield and I appreciate the points that the hon. Gentleman made about this long-running and sensitive issue. Let me assure him that I am fully aware of the issues and concerns that surround the proposed gating at Sheffield station. I have had representations not just from him but from other MPs in Sheffield, including the Deputy Prime Minister, who has made his views very plain on this matter as well. I want to be helpful and find a constructive way in which to resolve this matter, and I shall ask the hon. Gentleman for his help in that.

Let me deal with why we are where we are and answer some of the questions that have been raised. A key factor is the cost to the railway. There is another factor, which is access, but the loss of revenue is important. The hon. Gentleman refers to the letter that I sent to him. The costs of ticketless travel relating to Sheffield station is estimated at between 3% and 18%. The sum of £2.3 million a year was given to me by officials and was based on the minimum figure. If it were 18%, the amount would be £13.8 million a year. The hon. Gentleman will agree, as will all Members, that we simply cannot allow money to continue to haemorrhage from Sheffield in this way and that a solution needs to be found that captures the lost revenue as a matter of urgency. This is money that should be going to the railway to help improve services and, at the moment, it is being lost. It is also unfair that many people are paying for their tickets while others are able to travel apparently free of charge. That is not fair on the people who buy the tickets.

Normally with ticketless travel of this magnitude, train operating companies consider ticket-gating options. The magnitude of this issue at Sheffield was such, as the hon. Gentleman rightly and fairly said, that the previous

[Norman Baker]

Labour Government put an obligation on East Midlands Trains, when it won the franchise in 2009, to install gates at Sheffield. It should be clear, therefore, that this was an obligation on East Midlands Trains and was not something that it wanted to pursue itself.

Paul Blomfield: There was an obligation to install barriers or, if that proved unviable, to investigate other revenue protection measures. Will the Minister confirm that?

Norman Baker: Yes. My understanding was that the company was required to provide barriers, but I am looking to officials to see whether that is in fact the nuance of it. If there is any further information, I will give it to the hon. Gentleman before I finish my speech.

On ticket barriers—I want to talk about other aspects of the matter too, so the hon. Gentleman should not misinterpret what I say in the next few paragraphs—ticket gates are an efficient and proven method of significantly reducing ticketless travel and increasing rail revenue. That increased revenue has the effect of reducing the costs of the railways, as he will appreciate, for both taxpayers and rail passengers. As he will be aware, the cost of running the railways has increased by 60% in real terms since 1996-97. Sir Roy McNulty's independent study estimates that UK rail costs are about 30% higher per passenger mile than those of our European competitors, so there is a big issue with general efficiency. Sir Roy McNulty's study also goes on to state that the evidence suggests that

"the widespread introduction of gating at stations could reduce revenue lost through ticket evasion or the deliberate purchase of "wrong" tickets...The DfT data regarding rates of ticketless travel suggest it is about 12% in London compared with about 7% elsewhere."

In addition, gated barriers at stations can bring a number of benefits to station users, rail passengers and the industry. Gates at stations are staffed when in use and therefore provide benefits to passengers in terms of safety and security through staff visibility. They also make it more difficult for non-ticket holders to access the railway, which potentially contributes to more enjoyable travel for fare-paying passengers.

The hon. Gentleman asked whether it was policy to require gating everywhere. I think it is a matter of horses for courses and each railway line and each station is different. It would not be sensible, for example, to install gating on very lightly used rural stations. That would be nonsensical in terms of the cost-benefit ratio. The Department and the train companies will estimate the likely consequence of not having a proper method to ensure ticketless travel is tackled—and I shall come to that in a moment—set against the cost of gating. He may be interested to know, for example, that I have recently required the installation of gating at Gatwick airport, a hole in the Southern network that has caused ticketless travel and been a magnet for those who wish to access the railway without paying.

Angela Smith: The point is, however, that as far as Sheffield is concerned, many of those found to be travelling without tickets boarded the trains at some of the rural stations to which the Minister has just referred. Clearly, as my hon. Friend the Member for Sheffield Central (Paul Blomfield) pointed out, the problem is that we have a scarcity of East Midlands Trains staff on the trains to ensure that people have paid for their tickets at stations further down the lines that serve Sheffield.

Norman Baker: Let me try to deal with the point about staff on trains. It is partly about franchise requirements—and, by the way, I am advised by officials that the barrier obligation is ongoing for East Midlands Trains, although alternatives would be considered if gating was not installed by a particular date, which I must say is an interesting franchise condition.

Members will appreciate that there is a significant cost to having staff on trains. Train companies employ revenue protection officers on a regular basis, but it is not possible—particularly on busy trains—to have any guarantee that the conductor, particularly when the train is busy and when there are frequent stops on the service, will be able to get through the train and check all the tickets. Indeed, the hon. Member for Sheffield Central said in his introduction that he is often unable to buy a ticket to travel on the train.

Chris Williamson: In view of his comments about the cost of train managers, will the Minister confirm that the plan to introduce more gates is part of a long-term Government plan to de-staff or run down the number of staff working on the railways? Is that behind his plans?

Norman Baker: I would not infer that at all. As I said a moment ago, if there are gates, staff are needed in case someone gets stuck in them. If the gates are unstaffed, they have to be left open. Gates are in fact a guarantee of staff on the station.

Angela Smith: The Minister mentions a problem with staff getting around to check all tickets on busy trains, but that underlines the fact that on the Penistone line, in particular, which runs into Sheffield station—it is a busy commuter route from Huddersfield and serves my constituents—we have a lack of capacity. So perhaps one answer is to have not just more staff on trains, but more trains.

Norman Baker: I entirely sympathise, but the hon. Lady makes a wider point, and I hope she notices that, notwithstanding our difficult economic situation and inheritance, we now have the biggest investment in railways since Victorian times, a commitment to improve rolling stock on several lines, an electrification programme that has extended way beyond what was originally anticipated and a tram-train pilot in Sheffield. There is a great deal of investment in transport, and any fair-minded person would look at the Government's investment portfolio and conclude that, since May 2010, transport and, in particular, railways have done rather well.

The Chancellor's growth statement included several roads that the hon. Lady may notice, but what was not picked up was that £1.4 billion extra is being allocated for rail, as against £1 billion for roads. So we are seeing massive investment in the railways, and that includes—*[Interruption]*—I wish she would not chunter in the background; I am trying to answer her questions—investment in rolling stock. There is a commitment to new rolling stock for the east coast main line and for the

First Great Western line; new rolling stock is being introduced to the Thameslink programme; and we are continuing with our intention to bring in 2,700 new carriages.

I fully accept that we have a problem on the railways, in that more people than at any time since 1929 now travel by rail—if that is a problem—on a network that is between a half and two-thirds of the size it was in 1929. I call it a success in some ways, but it is called a problem in terms of its consequences. The public's perception of their journey is also much more favourable than was the case even 10 or 15 years ago, and people now regard trains as safe, more punctual and more pleasant to use. That is a problem of success, so the inevitable consequence is that we have to follow people's increased use of trains, which has largely been recession-resistant, and ensure that there are sufficient orders to pick up extra passengers.

One answer is to invest in high-speed rail, and, if the Secretary of State concludes when she makes her statement in due course that she wishes to pursue the Y-shape proposal, her decision will significantly benefit the Sheffield area, as well as everywhere else in the country. So I assure the hon. Member for Penistone and Stocksbridge (Angela Smith) that we are doing our best to ensure that there is real investment in carriages and infrastructure. That is quite a long answer to her point, but I hope it assures her that we take rail extremely seriously. Indeed, I would not be doing my job of lobbying within the Government if that were not the case, but I am happy to say that it is.

Let me return to the subject in hand. The welcome increase in the number of passengers using rail services in south Yorkshire—this point follows on from the one I have just made—has also brought problems that the Department is managing in conjunction with local stakeholders. For example, additional rail vehicles have been introduced to provide more capacity. Unmanned local stations are cheap to operate and improve access to rail services, but that does not make it any easier for on-train staff to collect and issue more tickets on board busy trains. Sheffield, as I have mentioned, has a particularly high level of ticketless travel.

Paul Blomfield: In my experience and, certainly, that of others, the problem is not just with busy trains, because companies could make more effort to collect revenue from trains on which it is perfectly easy for collectors to navigate the carriages. On busy trains, which are limited to certain peak times, it would also be possible to deploy ticket collectors on platforms at the station. Has there been a proper economic assessment of that idea, as a revenue-side way of dealing with the problem, in comparison with the capital side? My hon. Friend the Member for Derby North (Chris Williamson) made the point that it could be a win-win for us, because it would not only tackle fare evasion, but create more jobs.

Norman Baker: I am not going to stand here this evening and say that everything possible has been done by East Midlands Trains, or Midland Mainline before it—or, for that matter, any other train company—to minimise the amount of ticketless travel on its trains. Some companies do better than others. It may well be the case—I just do not know—that there is more scope for staff on trains to—

Paul Blomfield: You should know if you're driving the policy.

Norman Baker: With respect, I should not know what happens on every single train across the country, because we are now moving into an era in which we avoid micro-management of the trains. We are setting the high-level objectives; we are not seeking to micro-manage every train, let alone every passenger on the network. However, as a general principle, it is right that train companies should try to minimise ticketless travel by whatever means they can; indeed, it is in their interests to do so. As to whether a cost-benefit analysis has been carried out to see whether such measures are more effective, to be honest, I am not sure that one has been, although I will check that and write to the hon. Gentleman.

What I would say, however, is that the problem is a bit like when the police stop drivers speeding: when the police are there, they are effective, both at the time and for about a week afterwards, but then the average speed of the motor vehicles on those roads rises again. A gating solution is a permanent solution; a solution involving people, unless they are permanently there, is not a permanent solution and is less effective than gating. However, I will write to the hon. Gentleman about the point that he has raised.

Lilian Greenwood (Nottingham South) (Lab): But the Minister has said that gates have to be staffed. In fact, my experience of East Midlands Trains—not in Sheffield, but in Nottingham—is that gates are regularly unstaffed, so they are doing nothing to prevent fare evasion.

Norman Baker: If a train company operates gates without regularly staffing them, that will lead to a loss of income, and it is responsible for dealing with that. However, travelling the network extensively as I do, I do not often come across gates that have been left open.

East Midlands Trains, along with Midland Mainline before it, has undertaken manual staffed barriers of ticket inspectors on selective days to ensure that all passengers passing through Sheffield station are in possession of a valid ticket—perhaps those were the instances to which the hon. Member for Sheffield Central referred in his introductory remarks. The increased revenue collected at the station on those days, both by the inspectors and through increased sales at the ticket office, indicates that between 3% and 18% of travel at Sheffield is ticketless—that is where the figure comes from. That means that at least £2.3 million is lost to the railway each year through ticketless travel in the area. I want to deal with that, but I also want to deal with the point that the hon. Gentleman raised—quite understandably—about the views of people in Sheffield and those who perhaps do not want to travel by train, but do want to use the bridge.

I hope that the hon. Gentleman is aware that the station bridge in Sheffield to which he referred is not a right of way. It may be an established route in a non-legal sense, but it is not an official right of way. In fact, he will know that the bridge is locked shut every night after the last train, presumably to prevent it from becoming a right of way. However, I know that for many people—including students, residents and visitors—it has become the most convenient thoroughfare for crossing the railway. I also accept the point about access to the tram stop. As I am keen to promote light rail and low-carbon forms of transport, that is a point that I take seriously. However, although the bridge is not a right of way, I understand

[Norman Baker]

that Sheffield council has promoted it as part of the "gold route" access strategy for its redevelopment of the Park Hill area on the east side of the city.

I agree with the hon. Gentleman that it is important to try to ensure that, through the installation of gates—if that is what occurs—the railway does not cut a community in two, and that the community is provided with a satisfactory and easy way of gaining access across the railway. We therefore looked at a number of options, including: the refurbishment of the existing public bridge to the south of the station; the refurbishment and extension of the station goods bridge; dividing the current station bridge to provide separate lanes for railway passengers and public access across the station, which is a solution that I was particularly keen on; building a new bridge at the north end of the station platforms; and building a new bridge crossing over the railway tunnels at the north end of the station. As the hon. Gentleman will be aware, in 2009 the Department for Transport commissioned Network Rail to undertake a feasibility study to look into those options. The report has previously been released to Sheffield city council and the South Yorkshire passenger transport executive. As he requested on 17 November, I have also sent him a copy of the report.

The report recommended that the options of extending the station goods bridge and of trying to split the existing station bridge be discarded, as they were both impracticable and excessively complicated. The report recommended further investigation of the remaining options. We have explored those options at some length, and both my right hon. Friend the Member for Runnymede and Weybridge (Mr Hammond), the then Transport Secretary, and I have visited Sheffield station separately to look at them for ourselves.

In answer to the point about Lord Adonis, I must say that he was a very competent Transport Secretary—and I never hesitate to say that.

Paul Blomfield: He listened.

Norman Baker: The hon. Gentleman says that Lord Adonis listened; well, we have listened. He went to Sheffield and I have gone to Sheffield. As far as the commitment to no barriers is concerned, there are no barriers there yet, and we are 19 months or thereabouts into this Government. We could have dealt with the matter on day one, but we did not because of the sensitivity of the issue and because we wanted to reach a satisfactory conclusion. I hope that the hon. Gentleman gets some reassurance from that.

Based on the Department's discussions with Sheffield council over the last two years, a possible alternative to the station bridge has been identified in the form of the building of a new public bridge over the north end of the station platforms. I understand that, as part of its long-term city regeneration plans, Sheffield city council already envisages replacing the existing bridge to the south of the station and building a new bridge over the railway tunnels to the north of the station. The construction of a bridge to the north might address the requirements of both the railway and local stakeholders.

In addition, we are looking at a number of ways in which continued access across the railway for local users could be maintained by using the existing station bridge, while also capturing lost revenue. I stress that we have not yet reached a conclusion: we are looking at these matters in the round in order to find the best options for a solution. For example, East Midlands Trains has offered to provide "timed passes" to local residents and others, which would allow them to pass through any gates and continue to use the station bridge to cross the railway. Officials have been investigating the feasibility of gating at platform level and I have to say that there are serious objections to that as well, particularly in terms of practicality, as some accesses are very narrow and would not be wide enough for the gates, causing congestion. Staff would be required on every single platform, which is hugely expensive—probably more than the ticketless travel costs. Although this may appear to be an attractive option, I am afraid that it does not work. All these potential solutions are in addition to the existing alternative routes that bridge the railway in the proximity of Sheffield station. We have to deal, however, with the problem of ticketless travel.

I said that I wanted to be constructive—and I do—because this is a serious issue for people in Sheffield and a serious issue for the railway. I am keen to resolve the issue constructively and in a way that I hope addresses the interests of all involved. I want to make the hon. Member for Sheffield Central and other hon. Members an offer tonight. *[Interruption.]* I am not going to ask anyone to put their hands into their pockets; there is no need to worry. The Secretary of State and I are happy to have a round table meeting with all Sheffield MPs, representatives from the council and perhaps a representative from the campaign group. They can come down here—and I will look at the diary and see whether we can go up there—to look at the options openly and frankly in order to make progress. We have nothing to hide; we are happy to share the information to try to reach a satisfactory conclusion. The Secretary of State is keen to achieve that as well. We will both be involved.

The two objectives that we provisionally set are as follows. The first is that we must end, or significantly deal with, ticketless travel on the railway. The second is that we seek to meet the legitimate aspirations of people in Sheffield to be able to cross the railway without restriction. We want to achieve both those objectives. Provided people are signed up to achieving them, we should be able to make some progress. I hope that hon. Members will find that response helpful.

Paul Blomfield: I welcome the Minister's offer, with those caveats. We share the desire to tackle ticketless travel and I welcome the Minister's aspirations to address the concerns expressed by local residents and local organisations. The sort of meeting he describes, involving the local campaign group as he mentioned, would be a positive step forward. I thank him for that.

Norman Baker: I am grateful for the hon. Gentleman's response. We will try to make progress. As the last Government recognised and as we now recognise, this is not an easy issue, but we are determined to make progress, and I believe that with good will on all sides we can do so. I will write to him and his colleagues in Sheffield shortly.

Question put and agreed to.

6.39 pm

House adjourned.

House of Commons

Thursday 15 December 2011

The House met at half-past Ten o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

CULTURE, MEDIA AND SPORT

The Secretary of State for Culture, Olympics, Media and Sport was asked—

Libraries

1. **Kate Green** (Stretford and Urmston) (Lab): Whether he has made an assessment of the effects of reductions in local authority funding for libraries. [86781]

The Parliamentary Under-Secretary of State for Culture, Olympics, Media and Sport (Mr Edward Vaizey): The provision of library services is the responsibility of local authorities but my Department keeps in close touch with them. Indeed, my officials have met representatives from seven local authorities to discuss their proposals.

Kate Green: Trafford council is withdrawing its mobile library service and axing 15 library staff, and it wants volunteers to run Old Trafford library in my constituency. Does the Minister agree that the expertise of professionally qualified library staff is important in getting people reading and improving literacy and English language skills, particularly in the most disadvantaged communities?

Mr Vaizey: Trafford council has also opened a new library in Urmston, but I certainly agree that the role of professional librarians is incredibly important in the provision of library services.

Tony Baldry (Banbury) (Con): My hon. Friend and I are privileged to represent Oxford constituencies, and Oxford county council is managing to keep all 43 public libraries open notwithstanding a difficult financial settlement. Is not the reasonable inference that some local authorities have elected to make deep cuts in front-line services simply to make a political point and that it is perfectly possible, if local authorities put their minds to it, to keep libraries open?

Mr Vaizey: My hon. Friend makes a valid point. Local authorities have challenging decisions to make, and my approach is to give them the space and time to make those difficult proposals. Local authorities are going about their provision differently but all have a strong commitment to their library service, and the Government are also strongly committed through maintaining the statutory duty.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): Is the Minister aware that some very hard-pressed local authorities up and down our land have already put libraries in children's centres to dual use? Now that the opening hours of those Sure Start children's centres are being cut back, people are losing their libraries as well. Will he talk to other Ministers about this matter?

Mr Vaizey: I shall happily talk to many other Ministers in other Departments about the importance of libraries, and certainly I echo the hon. Gentleman's comments: co-locating a library service, whether with a children's centre or other services, is very important.

Simon Hughes (Bermondsey and Old Southwark) (LD): Will the Minister accept an invitation to come to the brand-new Canada Water library, which was designed and planned by a Liberal Democrat-Tory coalition administration but continued and opened under a Labour administration? Both groupings running the council have agreed that there will be no closures across the borough and have sustained services. Will he come and see what can be done when the will is there?

Mr Vaizey: I would be delighted to visit that library, and I am grateful to my right hon. Friend for highlighting what cross-party consensus on libraries can achieve. It is worth reminding the House that although we tend to focus on library closures, it is also worth focusing on the fact that more than 40 libraries are opening or being refurbished across the country.

Dan Jarvis (Barnsley Central) (Lab): Libraries are places of great benefit to our country, educationally, culturally and economically, but Government cuts to local authority budgets have placed 600 of them at risk of closure. If they close, they will be lost to our communities forever. What does the Minister believe are his full responsibilities when it comes to protecting Britain's libraries?

Mr Vaizey: I am sure that the House will join me in congratulating the hon. Gentleman on the award of his MBE for his distinguished military service.

My responsibility for library services extends to England, as it is a devolved matter in Wales, Scotland and Northern Ireland. I have a responsibility to superintend the library service, and local authorities have a statutory responsibility to provide a comprehensive and efficient library service. Unlike the previous Government, we are not putting that statutory duty under review.

Women in Sport

2. **Tracey Crouch** (Chatham and Aylesford) (Con): What steps he is taking to increase the participation of women in sport. [86782]

The Minister for Sport and the Olympics (Hugh Robertson): Sport England is investing £480 million in 46 national governing bodies between 2009 and 2013 to grow and sustain participation. This approach is entirely inclusive and encourages opportunities for everybody to participate

in sport regardless of their gender. Sport England also funds the Women's Sport and Fitness Foundation to provide specialist advice and support to national governing bodies.

Tracey Crouch: I congratulate the Minister on all that he and his Department are doing to increase participation levels, but does he agree that while women's sport accounts for only 5% of all sports coverage, the profile of sports women will remain so low that not only will talented athletes not make it on to award lists, such as the BBC sport's personality of the year, but many of our best role models will be totally anonymous, thus making it harder to inspire and encourage women and girls to participate in sport and physical activity?

Hugh Robertson: Yes, I do agree with my hon. Friend. One of the encouraging things is the opportunity that next year's London 2012 Olympics presents to showcase the talent that exists among women, as well as male athletes.

Ms Harriet Harman (Camberwell and Peckham) (Lab): But is not school sport the bedrock of participation, and should it not be a priority? If so, why have the Minister's Government cut spending on school sports by 64%? Is that not sending the message that school sport no longer matters?

Hugh Robertson: The first point is that, as the right hon. and learned Lady should know, this Department is not responsible for school sport, which is funded by the Department for Education. What my right hon. Friend the Secretary of State has championed personally is a school games competition that is intended to drive up participation across both genders.

Ms Harman: The Minister talks about driving up participation, but will he tell us how he will monitor how much sport young people are doing in schools when he has scrapped the school sports survey? As his Government have cut the school sports partnership, it is even more important that we know what the effect on participation in sport is. *[Interruption.]* Is it not remarkable that Ministers are sitting there saying, "It's nothing to do with us"? They really should be making an impact on Ministers in other Departments to ensure that they support school sport across the whole of Government.

Hugh Robertson: I am afraid the right hon. and learned Lady is mistaken. The policy responsibility for school sport lies with the Department for Education, and she should know that all too well. This Department is playing its part by introducing a new school games competition. That has been extraordinarily successful, with 11,000 schools now signed up. We will also produce a new measure for those aged 16 to 24—precisely the point at which we take responsibility for young people—among whom participation has been falling year on year for most of the last 10 years.

Football Governance (Supporters)

3. **Tom Greatrex** (Rutherglen and Hamilton West) (Lab/Co-op): What recent assessment he has made of the potential role of supporters in football governance. [R] [86783]

The Minister for Sport and the Olympics (Hugh Robertson): The Government's response to the Select Committee on Culture, Media and Sport's football governance inquiry sets out a number of recommendations for increasing supporter representation and ownership at football clubs. In their response, the Government have challenged the football authorities to determine the best way of achieving the right changes, and we will be a key partner in those discussions.

Tom Greatrex: I thank the Minister for that reply and declare my interest as the founder of the Fulham Supporters Trust, notwithstanding our result last night, which demonstrates that we are not the only people who have had a bad week in Europe. I am sure that he will be aware of the proposals published by Supporters Direct on football club licensing. Will he encourage the football authorities to engage with Supporters Direct, in line with his comments about the inquiry by the Culture, Media and Sport Committee and his Government's response to it, to ensure that supporters have a role in football governance in the future?

Hugh Robertson: Yes, I will certainly do that. I am delighted that the premier league still funds Supporters Direct after the events of last year. The football governance reform strategy is about getting the key parts of the front end of the process right—the reform of the Football Association board, the link between the board and the council, and the new licensing system. As part of that licensing system, we expect those concerns to be addressed.

Mr Tobias Ellwood (Bournemouth East) (Con): I do not know whether the Minister is familiar with that great football club AFC Bournemouth, which is due to enter the premier league in the next decade. Until that happens, Bournemouth, along with other non-premier league clubs, continues to struggle financially. What more can be done to encourage a greater distribution of wealth in English football?

Hugh Robertson: The distribution of, broadly, the broadcast moneys that go into the premier league and football league is, of course, a matter for those leagues. However, we expect the governance of football to allow for a proper distribution of those moneys. I think everybody across the House is agreed that there is a considerable distance to go before that is achieved, but I hope that it will be as part of this process.

Football Governance (Football Association)

4. **John Mann** (Bassetlaw) (Lab): What recent discussions he has had with the Football Association on football governance. [86784]

The Minister for Sport and the Olympics (Hugh Robertson): The Secretary of State and I continue to meet the Football Association, the Premier League and the Football League collectively to hear their progress on the reforms that the Government have called for in their response to the Select Committee on Culture, Media and Sport's football governance inquiry. The football authorities have until the end of February to come forward with their proposals.

John Mann: The Football Association is significantly more enlightened than either UEFA or FIFA when it comes to tackling racism in football. Would the Minister be prepared to meet the all-party group on anti-Semitism and community groups such as Community Security Trust, the Holocaust Educational Trust and Searchlight to listen to our concerns about what more the Government, the FA and UEFA can do to tackle the potential for racism at the Euro 2012 championship?

Hugh Robertson: Yes.

Bob Russell (Colchester) (LD): Will the football governance report that the Minister talks about include football agents, because those parasites took £210 million out of the game in the last three years from the premiership alone? Just imagine how that money could be spent within the game, including on football in schools, if it was used properly instead of lining the pockets of these spivs.

Hugh Robertson: Off the top of my head, I cannot remember whether the Select Committee report includes a specific element on agents. As part of the new licensing fee, however, that is exactly one of the issues that we would expect to see addressed.

Tourism

5. **Esther McVey** (Wirral West) (Con): What plans he has to support the tourism industry in 2012. [86786]

The Secretary of State for Culture, Olympics, Media and Sport (Mr Jeremy Hunt): Next year represents the biggest opportunity in our lifetime to profile the British tourism industry, and we have announced the biggest ever international and domestic tourism marketing campaign designed to attract an extra 4.5 million visitors to the UK in the years that follow the Olympics.

Esther McVey: Continuing the sporting tourism theme, next year the Royal Liverpool golf club will welcome the women's open golf championships with the first ever women's day, so we will be developing tourism through our exceptional golf facilities while also ensuring youth engagement and celebrating women's success. I would like to extend an invitation to one of the Ministers to come along.

Mr Hunt: I congratulate the Royal Liverpool golf club, and I would be delighted to attend—diary permitting. I agree with my hon. Friend that sport is a massive driver for tourism. Two million people come to this country every year to watch or play sport. I hope that sport in Liverpool will be helped by this week's announcement of a new local TV station for Liverpool, on which I am sure my hon. Friend will be an early honoured guest.

Derek Twigg (Halton) (Lab): What is the Secretary of State doing to support the tourism industry to attract more people to smaller conurbations like Halton, which has the excellent Norton Priory museum and the Catalyst science centre, which is currently struggling. What is he doing to attract more people to the, shall we say, less obvious tourist areas?

Mr Hunt: The hon. Gentleman makes an important point. It is part of our commitment—and, indeed, his party's commitment—to make sure that next year benefits the whole country and not just big cities like London. We have announced that next year we will have the biggest ever campaign to boost the domestic tourism industry, including a nationwide promotion of a 20.12% discount for hotel rooms booked in 2012. I urge him to encourage hotels and attractions in Halton to take part in that promotion, which is a big way to get people to take a holiday at home, as there is so much to see here next year.

Charlie Elphicke (Dover) (Con): I thank Ministers for their visits to Dover to promote the castle, the white cliffs and the fine view we have of France. Should it not be a particular priority that we promote tourism in our coastal towns?

Mr Hunt: Absolutely. There is the Olympic torch visit to Dover next year, and it is a way to ensure that many other major coastal tourist attractions will get into not just the national but the global spotlight next year.

Jim Sheridan (Paisley and Renfrewshire North) (Lab): Many tourists visiting this country earlier this month would have been horrified when they turned on their television sets in their hotel room only to find a highly paid public presenter advocate that British citizens should be taken out and shot in front their families. What does that say about the future of Britain and what kind of message does it send to the rest of the world?

Mr Hunt: I do not think it says anything at all about our tourism industry.

Rural Broadband

6. **Julian Smith** (Skipton and Ripon) (Con): What progress his Department has made on the roll-out of rural broadband; and if he will make a statement. [86787]

The Secretary of State for Culture, Olympics, Media and Sport (Mr Jeremy Hunt): Eight local authorities have moved to the procurement stage for the roll-out of rural broadband. I will write to all local authorities this week to tell them that as a condition of receiving public funding for their rural broadband programmes, we will need them to move to procurement by the middle of next year and to have signed a contract for the roll-out of broadband by the end of next year in order to make sure that we have the best superfast broadband in Europe by 2015.

Julian Smith: North Yorkshire is making good progress in its procurement process, but EU procurement rules make it very slow, which is frustrating for many businesses and constituents. What message would my right hon. Friend give them? Will he commit to coming and launching the north Yorkshire pilot once the procurement process is complete?

Mr Hunt: I would love to, as I recognise that north Yorkshire has gone further faster than many parts of the country and the £18 million grant that it received has helped that. We have tried to make the European

regional development fund rules simpler to enable local authorities to tap into them for their rural broadband programmes. I would certainly be happy to help my hon. Friend and every local authority speed up the process of getting these contracts signed.

Chris Bryant (Rhondda) (Lab): May I urge the Secretary of State to look very closely at his definition of rural? Many areas that look urban, such as former mining constituencies, actually feel very rural in relation to broadband because businesses still need fast broadband but, because of the contention rate, find it very difficult to get a decent service.

Mr Hunt: The hon. Gentleman is right. Let me reassure him that our commitment is to 90% coverage of superfast broadband for the whole country. We talk about rural broadband because that is where there are particular challenges, but we are not forgetting semi-rural areas. We want it to apply to the whole country and, indeed, we want our cities to go even further with a faster broadband offering, as announced by the Chancellor in the autumn statement.

Duncan Hames (Chippenham) (LD): I commend the Minister on this initiative but, as he explained, it still leaves perhaps one in 10 households and premises without the prospect of faster broadband. What consideration has he given to the contribution that could be made by innovative wireless technologies, such as the WiBE—or wireless broadband extender—designed by the British business Deltenna in Chippenham, to improving broadband using mobile spectrum networks in rural areas?

Mr Hunt: My hon. Friend makes an important point. Wireless and mobile solutions will be very important in dealing with that final 10%. We are strongly encouraging local authorities, as part of their broadband plans, to come up with a way of reaching that 10%, even if it is not the same mechanism by which we reach the 90%. The kind of technologies he talks about might well have an important role to play.

Work Visas (Musicians)

7. **Kerry McCarthy** (Bristol East) (Lab): What recent discussions he has had with the Secretary of State for the Home Department on the system for granting work permits and visas to foreign professional musicians performing at concerts in the UK. [86788]

The Parliamentary Under-Secretary of State for Culture, Olympics, Media and Sport (Mr Edward Vaizey): I have had no such meetings but the arts sector, my officials and the UK Border Agency meet every quarter as part of the arts and entertainment taskforce to have such discussions.

Kerry McCarthy: The Minister might be aware that on 6 December some Congolese musicians who had been working with Damon Albarn and Oxfam on a project were refused entry to the UK to perform at Rough Trade Records. I appreciate that there was some confusion about the type of visas they needed to apply for and about the process, but can anything be done to make it easier? It is a valuable, worthwhile project, and it is a shame that they were not able to perform.

Mr Vaizey: I thank the hon. Lady for giving me notice of her question and for the good work she does to highlight the issues for musicians coming into the UK and for British musicians who wish to travel abroad. My understanding is that those musicians applied for a tourism visa when they should have applied for an entertainment visa, which applies even if someone is performing pro bono. I would happily take any recommendation she has to improve the website and pass it on to colleagues at the Home Office. I shall also ensure that it is discussed at the next arts and entertainment taskforce.

Andrew Bridgen (North West Leicestershire) (Con): Will the Minister join me in congratulating the UK Border Agency in processing 95% of all non-settlement applications within three weeks, while acknowledging that many applications are dealt with far faster than that?

Mr Speaker: With particular reference to professional musicians, of course.

Mr Vaizey: I would certainly endorse that work. UKBA has a target of 90% and has achieved 95%, which contributes to the vibrant live music scene we have in this country.

Mr Speaker: I call Kevin Brennan. He is not here.

Participation in Sport

9. **Damian Collins** (Folkestone and Hythe) (Con): What plans his Department has to increase participation in sport. [86792]

The Minister for Sport and the Olympics (Hugh Robertson): Sport England is investing £480 million in 46 national governing bodies between 2009 and 2013 to grow and sustain participation. In addition, we have introduced the new Places People Play lottery-funded legacy programme and will be launching a new sports participation strategy aimed at 16 to 25-year-olds in the new year, to ensure we create a real lasting sports legacy after London's games.

Damian Collins: Sportsmen and women need to have confidence in the governing bodies of the competitions they play in. Will the Minister send a message to FIFA that following the resignation of Mr Havelange from the International Olympic Committee, Sepp Blatter can and must allow the publication of the Zug court report into the $100 million bribery case involving FIFA officials and International Sport and Leisure—that is, ISL?

Hugh Robertson: I shall certainly do that, but I should warn my hon. Friend that I am not sure that FIFA pays a great deal of attention to what we say any more.

Mr Gerry Sutcliffe (Bradford South) (Lab): The Minister knows that one of the main reasons we won the Olympics was our promise on the participation rates, but the target of involving 2 million more people in sport and physical activity has been dropped. I have the greatest respect for the Minister, but further to his earlier answer on school sport, what discussions has he had with the Department for Education about the cuts in school sports and school sports co-ordinators?

Hugh Robertson: No one who is involved in sport wants to see money go out of sport, but the question completely overlooks the economic backdrop that sits behind that. If Opposition Front Benchers are seriously going to say that the level of funding that has been invested in school sport against an economic backdrop in which £120 million is paid out in debt interest payments every day can be maintained, they should tell us what else in sport should be cut instead. I have not heard a single constructive suggestion of that sort.

Mr Peter Bone (Wellingborough) (Con): Will the Minister welcome the National Football League's efforts to increase the amount of American football played in this country—not at the taxpayer's expense? Also, what position in an American football team would he play?

Hugh Robertson: I think I should honestly say that that is slightly outside my area of competence, but I would of course welcome any efforts in that regard, particularly efforts better to educate Ministers.

Mr Speaker: The fact that something is outside the area of competence of a Minister has never stopped a Minister before, but there we go.

Clive Efford (Eltham) (Lab): The person who launched the school games was the Secretary of State for Culture, Olympics, Media and Sport—it was not the Department for Education. Ministers have been using the figure that one in five children are involved in inter-school competitive sport, and they will know that that figure comes from the PE and sport survey that is carried out in schools every year. That figure is measured on the basis of children taking part in nine competitive sport events against other schools in a school year. We know from what the Under-Secretary of State for Education, the hon. Member for East Worthing and Shoreham (Tim Loughton) said in a Westminster Hall debate that that is not an ambitious target. How is the Minister going to measure the impact of the school games on increasing participation in competitive sport? Is the benchmark nine times in a school year or more?

Hugh Robertson: Let me answer this in two parts. First, a number of schools want to sign up, and I am delighted to say that we have got 11,000 schools signed up, which I am sure the hon. Gentleman would welcome. On the part of the equation for which this Department is responsible—the cadre of people from 16 to 25—we will make an announcement in the new year.

Mr Philip Hollobone (Kettering) (Con): I recently visited the Desborough indoor bowling club, which has benefited from an investment via the landfill tax, and I was pleased to see a large, enthusiastic and mainly retired membership. At the other end of the age spectrum, what can the Department do to encourage the participation of retired people in sport?

Hugh Robertson: The next round of whole sport plans will have a concentration of young people, particularly those aged between 16 and 25, but that is not exclusive. I probably ought to be slightly careful about how I say this but for sports such as bowls, which might appeal more to those at the other end of the spectrum, it would be entirely within the remit of the new whole sport plans for the bowls governing body to put in a plan that drives up participation at that level.

Libraries

10. **Chris Evans** (Islwyn) (Lab/Co-op): What assessment he has made of the potential effects on communities of the closure of local libraries. [86793]

The Parliamentary Under-Secretary of State for Culture, Olympics, Media and Sport (Mr Edward Vaizey): It is very important that local authorities take into account the needs of their local communities when assessing their comprehensive library provision. That is why I have written to all local authorities to remind them of that.

Chris Evans: What message does the Minister have for Caerphilly borough council, which wants to close Aberbargoed library in the face of opposition from residents and local councillors who want to save that vital community resource?

Mr Vaizey: As the hon. Gentleman knows, the duty to superintend the library service is devolved to the Welsh Government. What I would say to Caerphilly borough council, which I believe is led by Plaid Cymru although there is no overall control, is that I am delighted it is investing in its library service and that it has opened or refurbished six of its libraries.

Miss Anne McIntosh (Thirsk and Malton) (Con): Hunmanby library will stay open if volunteers man it, but will the Minister intervene to assist with at least a part-time library presence from North Yorkshire county council to enable it to put a business plan in place in the interim?

Mr Vaizey: I would always encourage any local authority to work with the local community on the provision of community libraries and to provide the support of a professional librarian behind the community library service.

London Olympics

11. **Julie Hilling** (Bolton West) (Lab): What assessment he has made of the potential legacy of the London 2012 Olympics for children and young people. [86796]

The Secretary of State for Culture, Olympics, Media and Sport (Mr Jeremy Hunt): There is a cross-party commitment to use the games next year to have a lasting sporting legacy for young people. That will partly be through the school games, which my hon. Friend the Minister for Sport and the Olympics has talked about, as well as through the extraordinary sports facilities that will be built next year and a new youth sport strategy that is designed to boost participation among young people, which we will be announcing in the new year.

Julie Hilling: I saw first hand the real difference that a school sports partnership was making to the participation rates and, indeed, the performance of young people in Bolton West. Now that it has gone, how will the Secretary of State ensure that my constituents benefit from the Olympics?

Mr Hunt: Some school sports partnerships did an excellent job but, overall, participation among young people fell under the last Government—it has fallen from 58% to 54% over the last four years, three of which were under the last Government. That is why we are looking at the whole business of how we reduce the drop-out rate among people leaving school, so that we can have more people who have sport as a habit for life, including in the hon. Lady's constituency.

Commonwealth Games

12. **Jonathan Edwards** (Carmarthen East and Dinefwr) (PC): What recent discussions he has had with the organising committee for the 2014 Commonwealth games on disabled sports. [86797]

The Minister for Sport and the Olympics (Hugh Robertson): The sports programme for the 2014 games is being determined by the Glasgow organising committee in consultation with the Commonwealth Games Federation and the International Paralympic Committee.

Jonathan Edwards: My constituent Jemma Morris is an aspiring paralympian in archery, and the county of Carmarthenshire has high hopes that Jemma will fly the flag for Wales next autumn. She will reach her sporting prime in the Commonwealth games in 2014; however, there will be no archery competitions for disabled sportspeople. Will the Minister raise the issue with the Commonwealth Games Federation so that disabled archers are able to showcase their skills on the global stage?

Hugh Robertson: I do not know whether the hon. Gentleman's constituent is in the GB squad, but I visited the paralympic archery squad at Lilleshall last year, so I may have met her. The position with the paralympic mix in the Commonwealth games is that four sports are necessarily included, and the local organising committee is allowed to select another four. I suspect the problem may be that Glasgow has not selected archery. Clearly, since this is a devolved issue, my remit over the Glasgow organising committee is limited, but I will certainly raise the issue when I next see the Commonwealth Games Federation.

Mr Speaker: Well, the inquisitive appetite of colleagues in respect of substantive questions appears to have been exhausted. I call Mrs Sharon Hodgson. She is not here. We move on to topical questions.

Topical Questions

T1. [86736] **Kate Green** (Stretford and Urmston) (Lab): If he will make a statement on his departmental responsibilities.

The Secretary of State for Culture, Olympics, Media and Sport (Mr Jeremy Hunt): This week we announced the first cities that will be getting licences for local TV. They are Belfast, Birmingham, Brighton and Hove, Bristol, Cardiff, Edinburgh, Glasgow, Grimsby, Leeds, Liverpool, London, Manchester, Newcastle, Norwich, Nottingham, Oxford, Plymouth, Preston, Southampton and Swansea. We hope to award a further 40 licences in the following year.

Kate Green: Ministers are aware of the considerable concern that Her Majesty's Revenue and Customs' treatment of VAT on five-a-side league football is causing businesses such as the Trafford soccer dome in my constituency. What steps can Ministers take to support this popular sport and ensure that it continues to thrive?

Mr Hunt: The hon. Lady is from a constituency with fantastic sporting traditions. We want to do everything we can to get more young people playing sport next year of all years. If she supplies us with more details, we will happily make representations to the Treasury, although it is a very difficult climate in which to get concessions on things such as VAT.

T2. [86737] **Sheryll Murray** (South East Cornwall) (Con): Two of my constituents, Audrey Cole and Colin Maddever, live in Doddy Cross, where there is no broadband. Superfast broadband is being rolled out across Cornwall, but these constituents still have to use expensive dial-up, which is frustratingly slow, blocks their incoming calls and increases costs. Furthermore, there are many farmers in that area who have to file their VAT returns online but find that they are unable to do so. What message of help does the Minister have for the 33% of people in South East Cornwall who have no broadband access at the moment?

Mr Hunt: My hon. Friend makes an incredibly important point very powerfully. There are still 250,000 homes in this country with no broadband access at all. We are absolutely committed to making sure that we deal with that problem by the end of this Parliament, which is why we have announced very ambitious plans. Cornwall, like the rest of the country, is being asked to submit a broadband plan that deals with all the broadband "not spots" as well as providing superfast broadband to 90% of its residents. I hope very much that at the next election my hon. Friend will be able to go back to her constituents and say that the problem has finally been addressed.

Tessa Jowell (Dulwich and West Norwood) (Lab): Today the Indian Olympic Association meets to condemn Dow Chemical's controversial sponsorship of the 2012 Olympic stadium wrap. Will the Secretary of State join me in reaffirming the Indian Olympic Association's view that a boycott of the Olympics would merely make Indian athletes the innocent victims of the ongoing controversy caused by the continued debate about liability for the Bhopal gas disaster and ensuing contamination? However, have the Government carried out a risk assessment of Dow Chemical's sponsorship of the 2012 stadium? If not, will he commit to doing so and sharing the results so that an agreed course of action on a cross-party basis can be taken to mitigate any assessed risk of the sponsorship?

Mr Hunt: Of course I welcome what the Indian Olympic Association has said about a boycott. As the right hon. Lady will know, boycotts are illegal under the Olympic charter. With the greatest respect to her, because of the enormous role she has played in the 2012 project, she is a member of the Olympic board and shares some responsibility for all the decisions that have been made. We look to her to play a constructive role in resolving this difficult situation, not exacerbating it.

T3. [86738] **Mr Dominic Raab** (Esher and Walton) (Con): Two weeks ago Transparency International cut its ties with FIFA. The corruption watchdog objected to the lack of independence in FIFA's new outside governance committee and to the fact that its remit will not extend to allegations of past wrongdoing. What pressure will the Minister and the Football Association exert so that we can shine a light on the serious allegations of systemic corruption at FIFA both past and present?

The Minister for Sport and the Olympics (Hugh Robertson): We will do everything we can, both internationally through our European counterparts and elsewhere, to ensure that FIFA becomes what we all want it to be: a properly transparent and accountable body that is capable of fulfilling the remit it is supposed to have to govern the global game.

T7. [86743] **Kerry McCarthy** (Bristol East) (Lab): It is some time since John Robb of Louder than War approached me about the problems musicians have when trying to get visas to tour the United States, and we brought a delegation to see the Under-Secretary of State for Culture, Olympics, Media and Sport, the hon. Member for Wantage (Mr Vaizey), who has responsibility for culture. Will he update the House on the progress being made in talking to the Americans about this and, in particular, whether we can persuade them to look at reciprocal arrangements and adopt measures similar to those that we have here whereby organisers of big events can help to facilitate the visa process?

The Parliamentary Under-Secretary of State for Culture, Olympics, Media and Sport (Mr Edward Vaizey): Officials from my Department have had constructive discussions with the United States embassy, which has taken on board our points, and those discussions continue. Obviously the US will continue to want to implement its regulations, but it has heard the hon. Lady's concerns via my officials and we are continuing a constructive dialogue with the US.

T4. [86739] **Henry Smith** (Crawley) (Con): I very much welcome my right hon. Friend's announcement of local television and the greater media diversity that it will bring and note with interest the impressive list of cities involved. Crawley finds itself on the cusp of two television regions, so may I put in a bid for it to be considered as a future centre for local television?

Mr Hunt: I am sure that Crawley would be an excellent place for a local television station and that my hon. Friend would make a very good contribution to it when it happens. Our plans for superfast broadband, which we talked about earlier, mean that it will be possible to launch a local television station in Crawley with no transmission costs by the end of this Parliament, so I hope that he encourages local media groups in his constituency to take advantage of it.

Mr David Hanson (Delyn) (Lab): Further to the Secretary of State's earlier answer to the hon. Member for Wirral West (Esther McVey) on tourism, has he made any regional assessment of the number of visitors likely to visit the UK regions as a result of inward tourism for the London Olympics and the jubilee celebrations next year? In particular, has he had any discussion with the Welsh Assembly on how we can attract additional visitors to my area?

Mr Hunt: Because of the way the 2012 project has been constructed, with the progress of the torch relay across the whole country, including it spending a significant amount of time in Wales, and because of the cultural Olympiad, which is happening across the whole country, we are absolutely determined that next year will be a bumper year for tourism in all parts of the country. We have a big domestic tourism marketing campaign, which is fully supported by Visit Wales, and I hope that the right hon. Gentleman will encourage businesses in his constituency, which has some particularly beautiful scenery, to take part in that promotion to encourage more people to have a holiday at home next year.

T5. [86740] **Neil Carmichael** (Stroud) (Con): In my constituency, we are busy pioneering the "Stroud Special" train, which is designed to take up the slack on the route from London and to encourage people to come and benefit from Stroud's hugely impressive environment, pubs and all the rest. Does my hon. Friend agree that it is a good initiative, which certainly justifies infrastructure expenditure?

The Parliamentary Under-Secretary of State for Culture, Olympics, Media and Sport (John Penrose): Of course, we encourage any organisation—any local tourism body—to lay on the kind of facilities and product offerings that my hon. Friend describes. It is absolutely essential that we secure better local marketing and ownership of the local tourism visiting experience, and I am glad to hear that Stroud is leading the way.

Pete Wishart (Perth and North Perthshire) (SNP): The Radio 1 programme "Introducing...in Scotland" has helped launch the careers of fantastic Scottish artists such as Paolo Nutini, Calvin Harris and Frightened Rabbit, yet it is threatened with cancellation. Campaigners are coming to London on Monday to deliver a petition to Radio 1, and the Under-Secretary of State for Culture, Olympics, Media and Sport, the hon. Member for Wantage (Mr Vaizey) has kindly agreed to meet them, but does he agree that it is exactly the kind of programme that we need in order to introduce new British music talent to the British public?

Mr Vaizey: I very much look forward to meeting the campaigners and to receiving the petition with the hon. Gentleman. Of course, I am a strong supporter of new music on the radio; that is why I campaigned so vigorously in opposition to save Radio 6 Music.

T6. [86741] **Nigel Mills** (Amber Valley) (Con): Many constituents have contacted me with their concerns about the increase in spending on the Olympics opening ceremony. Will the Minister take this chance just to explain the extra value that we will receive for that money?

Mr Hunt: With pleasure. We expect that 4 billion of the world's 7 billion people will watch the opening ceremony, which will be the biggest single opportunity in our lifetime to showcase this country, its history, its

culture and its tourism to the whole world. I want it to be of great benefit in places such as the Peak district and my hon. Friend's constituency, and that is why I went to the east midlands and had a very positive session with the local tourism industry on how it can harness the amazing opportunities that we will have next year.

Barry Gardiner (Brent North) (Lab): When Lord Coe decided that Dow Chemical was a suitable ethical partner for the Olympics, was he aware that earlier this year, in May, it had been blacklisted by the Indian Ministry of Agriculture for five years for bribing officials to get the chemical Dursban fast-tracked before the growing season—a chemical that has been banned in the United States for some years because of its health risk to human beings?

Mr Hunt: That is a question the hon. Gentleman will have to ask Lord Coe.

T8. [86744] **Andrew Stephenson** (Pendle) (Con): The Olympics are a real opportunity to boost tourism in the UK. Will my right hon. Friend say some more about his plans to spread the benefits of tourism to, in particular, the north-west of England?

Mr Hunt: That is why next year we will have the biggest ever marketing campaign to encourage people to take a holiday at home. It is designed to encourage the whole UK not to take for granted what we have on our doorstep. I know that my hon. Friend has great local stories, such as the Pendle witches, which he would like the whole country to find out more about, and next year is the moment to do so.

Diana Johnson (Kingston upon Hull North) (Lab): What discussions has the Olympics Minister had about the security implications of the cuts to police funding and the changes to control orders, which will allow very dangerous people back into the capital in the months leading up to the games?

Hugh Robertson: We have had extensive consultations with the Metropolitan police and all the security agencies about security for London 2012. The Metropolitan police assistant commissioner with responsibility for that area, Chris Allison, gave a presentation to the organising committee before the passage of the recent London Olympic and Paralympic Games (Amendment) Bill, and the Met has raised no such concerns.

Mr Don Foster (Bath) (LD): May I thank the ministerial team and the Opposition parties for their support for my Live Music Bill, which passed through its entire Committee stage yesterday? There are, however, fears among some residents associations that it will reduce protections against noise and antisocial behaviour. Will the Minister confirm that that is not the case and that, although we wish to see an explosion of live music in small venues, we want to continue to protect residents who live close to pubs and clubs?

John Penrose: May I join everybody in the House in congratulating my right hon. Friend and, indeed, his compatriot Lord Clement-Jones at the other end of the corridor, who have been instrumental in guiding the Bill through both Houses so far? I can reassure him, as he said, that protections for local residents and local residents groups will be maintained as they are.

Mr Gerry Sutcliffe (Bradford South) (Lab): If it is right to cut the school sports budget by £162 million, a 60% cut, why is it right to double the budget for the opening and closing ceremonies of the Olympics from £40 million to £80 million?

Hugh Robertson: In a sense, the hon. Gentleman has answered his own question. The two figures are in no way comparable. The amount of money that goes into school sport—*[Interruption.]* I have to say to the right hon. and learned Member for Camberwell and Peckham (Ms Harman) that even she might have worked out that £160 million each year is a great deal more than £40 million once.

Dr Thérèse Coffey (Suffolk Coastal) (Con): The deadline—*[Interruption.]*

Mr Speaker: Order. I am sure that the House wants to hear the question from Dr Thérèse Coffey.

Dr Coffey: Thank you, Mr Speaker. Tomorrow is the deadline for schools to register for the Get Set network, part of the Olympic legacy that can cover every school in our land. Will the Minister encourage children, parents and teachers to ensure that their schools are registered and take full advantage of the values and benefits on offer?

Hugh Robertson: I most certainly will. More than 20,000 schools up and down the country have now signed up to the Get Set programme, and I absolutely encourage every school across the country to do likewise. It is also great news that another 11,000 schools have signed up to the school games project, and I encourage many more to do that.

LEADER OF THE HOUSE

The Leader of the House was asked—

E-petitions

1. **Brandon Lewis** (Great Yarmouth) (Con): What recent assessment he has made of the Government's e-petitions website. [86674]

The Leader of the House of Commons (Sir George Young): Since the launch of the site, more than 3.2 million signatures have been submitted. The signatures and the debates that have stemmed from them have shown that we are indeed building a successful bridge between people and Parliament. Last Wednesday, I gave evidence to the Procedure Committee on the e-petitions system. I look forward to reading the views of the Committee when it publishes its report.

Brandon Lewis: I thank the Leader of the House for that answer. Will he outline how the Government are taking account of views in forming policy from the e-petitions, particularly given the excellent news in

the autumn statement following the fantastic campaign run by my hon. Friend the Member for Harlow (Robert Halfon) on fair fuel prices?

Sir George Young: I am grateful to my hon. Friend. Six petitions have gone through the 100,000 threshold, of which four have been debated. The Hillsborough debate, one of the best that we have had this Parliament, obliged the Government to clarify their policy on the documents that they held. My hon. Friend referred to the autumn statement following shortly on from the debate on fuel, secured by my hon. Friend the Member for Harlow (Robert Halfon). We have also had two debates on extradition and the Government have undertaken to have a look at their policy on extradition.

Natascha Engel (North East Derbyshire) (Lab): I joined the Leader of the House in giving evidence to the Procedure Committee investigation into e-petitions and their short-term future. The Committee will shortly produce a report on the future of e-petitions. Will the Leader of the House guarantee that any short-term proposals for e-petitions will not be imposed on the House without a debate and vote, to avoid the problems that we had in introducing e-petitions in the first place?

Sir George Young: It was a pleasure to give joint evidence to the Procedure Committee last week with the hon. Lady. The Government would not want to impose any new arrangements on the House without going through the usual process of consultation. I await with interest, as I am sure she does, the outcome of the Committee's deliberations, when we will see its proposals about how we handle e-petitions in future.

Mr Philip Hollobone (Kettering) (Con): The Leader of the House and you, Mr Speaker, will know that the big green bag on the back of your Chair is for citizens of this country to petition their Parliament to do something. Given that precedent, should not the e-petitions initiative be to Parliament, and not to the Government?

Sir George Young: That question was put to me by the Procedure Committee last week; my hon. Friend might like to read the response that I gave. The coalition Government made a commitment to introducing an e-petitions system. At the moment, it is run by the Government and the moment a petition reaches 100,000 signatures, I transfer it to the Backbench Business Committee, which considers whether the petition should have an opportunity for debate. That can take place only if the petition is then sponsored by a Member of Parliament. We have a system unlike the previous one, which ended at No. 10 and went nowhere. The system that we now have ensures that the petition does reach Parliament once it has gone through the threshold.

Parliamentary Privilege

2. **Stephen Phillips** (Sleaford and North Hykeham) (Con): What representations he has received on whether correspondence between hon. Members and their constituents is subject to parliamentary privilege. [86675]

The Parliamentary Secretary, Office of the Leader of the House of Commons (Mr David Heath): My right hon. Friend the Leader of the House has received no representations other than in the course of the Westminster Hall debate on the Bill of Rights, led by my hon. Friend the Member for Birmingham, Yardley (John Hemming), to which I responded. As I said then, although Members' correspondence may be subject to qualified privilege for the purposes of the law of defamation, the House has never sought to assert that such correspondence is a proceeding in Parliament. Therefore it is not protected under article 9 of the Bill of Rights.

Stephen Phillips: I am grateful to my hon. Friend for that answer. He will be aware of the recommendation of the Joint Committee on the draft Defamation Bill that correspondence between Members and their constituents should clearly be the subject of qualified privilege. It is critical that our constituents can correspond with us freely and frankly. I hope, therefore, that he can assure the House that the Government will bring forward legislation in that regard.

Mr Heath: I am grateful to my hon. and learned Friend. The Government will examine that recommendation in making their response to the Joint Committee, of which he was a distinguished Member. I hope to update the House shortly on our related work on the draft parliamentary privilege Bill.

Chris Bryant (Rhondda) (Lab): I rather agree with the hon. and learned Member for Sleaford and North Hykeham (Stephen Phillips) about parliamentary privilege and Members' correspondence. In the wider context, the concept of parliamentary privilege is in a bit of a mess. We are relying on rather antiquated concepts at the moment. In the light of what has happened this year, when I believe that many witnesses, in giving evidence to two Select Committee, have lied to Parliament, I suggest that we now need a criminal offence of parliamentary perjury for when people lie to Parliament.

Mr Heath: The courts have always recognised the right of each House of Parliament to regulate its own affairs. I accept that there are legitimate questions about the House's enforcement powers and the punishments available to it. It is right to look afresh at whether the powers of each House are appropriate. That is part of the work that we are doing to bring forward a draft Bill on parliamentary privilege. If the hon. Gentleman is a little patient, he will see shortly that we are considering that matter.

Mrs Anne Main (St Albans) (Con): Further to an answer that I received in September, in which the House of Commons Commission said that it costs the public purse a further £1.5 million for us to come back for the two-week September sitting, is it not time that we looked carefully at the programme of sittings of the House so that we are not constrained—

Mr Speaker: Order. I do not wish to be unkind to the hon. Lady. I am sure that her question is of great importance to her and possibly to others, but it suffers from the disadvantage of bearing absolutely no relation to the question on the Order Paper.

Allocation of Business Hours

3. **John Mann** (Bassetlaw) (Lab): How many hours of business he plans to allocate to (a) general debates on subjects determined by the Government and (b) Back-Bench or private Members' business in January and February 2012. [86676]

The Parliamentary Secretary, Office of the Leader of the House of Commons (Mr David Heath): My right hon. Friend the Leader of the House will announce the business for January and February 2012 in the usual way, during business questions on a Thursday.

John Mann: It is obvious to all of us that this coalition has run out of steam when it comes to legislation and everything else. Given that many Back Benchers on both sides of the House have good and sensible proposals for legislation, why does the Leader of the House, instead of bed blocking debating time, not give us the opportunity in January and February to bring forward that legislation?

Mr Heath: What a load of nonsense. I am afraid that I do not agree. Over the past two weeks, the House has had the opportunity to debate important and topical issues, including the economy, Europe and immigration. This afternoon, thanks to the Government's establishment of the Backbench Business Committee, the House will debate financial education in schools, an issue that has received more than 100,000 signatures on the Government's e-petition website. I believe that this Government have placed Parliament back at the centre of our national life.

Mr Speaker: Second time lucky, Anne Main.

Mrs Anne Main (St Albans) (Con): Thank you for your indulgence, Mr Speaker. Again, September sittings will cost £1.5 million. Is it not time that the House moved its sittings so as not to cost the public purse an extra £1.5 million?

Mr Heath: There is a slight sense of déjà vu about that question. This is matter that the hon. Lady ought to put to the Procedure Committee, which is currently looking at the calendar of the House of Commons. She will be able to present her case to that Committee, and we look forward to its report in due course.

Ms Angela Eagle (Wallasey) (Lab): Despite this being the longest Session in post-war history, the Government's legislative programme is a shambles. While we twiddle our thumbs in the Commons, the Lords are taking apart the Government's ill-conceived, badly drafted and mean-spirited welfare reforms. Just yesterday, the Government's policy of imposing a bedroom tax was defeated by an all-party alliance that included a former Conservative Secretary of State for Social Security. Is it not time that this Government listened to reason, dropped the more punitive parts of the Welfare Reform Bill and instead built a genuine consensus to make real progress on welfare reform?

Mr Heath: I make no apology for Bills receiving proper scrutiny in both Houses of Parliament, and we are committed to that. When legislation is receiving that scrutiny in the other place, it is right for us to wait until it has finished its deliberations, listen to what it has to say and then, in due course, address it in debate in the normal way.

Pre-legislative Scrutiny

4. **Diana Johnson** (Kingston upon Hull North) (Lab): What plans he has for future pre-legislative scrutiny of Government bills. [86677]

The Parliamentary Secretary, Office of the Leader of the House of Commons (Mr David Heath): The Government recognise the value that pre-legislative scrutiny can add and are committed to seeing more measures published in draft. This week the Parliamentary Secretary, Cabinet Office, my hon. Friend the Member for Forest of Dean (Mr Harper), published for pre-legislative scrutiny draft measures on the recall of MPs. In addition, so far this Session we have published draft measures on Lords reform, financial services, defamation, the detention of terrorist suspects, individual electoral registration and electoral administration, civil aviation and a groceries code adjudicator. The Government expect to publish further measures in draft this Session, including on parliamentary privilege.

Diana Johnson: As my hon. Friends the Members for Wallasey (Ms Eagle) and for Bassetlaw (John Mann) have indicated, the Government's legislative programme has ground to a halt. Would it not be sensible for us to spend some time scrutinising the draft Detention of Terrorist Suspects (Temporary Extensions) Bills now, rather than wait and debate them in a hurry when we are faced with an emergency?

Mr Heath: We will be bringing forward further measures, and if the hon. Lady is patient—

Chris Bryant (Rhondda) (Lab): When?

Mr Heath: And even if the hon. Gentleman could be just a little patient, they may find that they hear news to their advantage later today.

Mr Speaker: Expecting patience from the hon. Member for Rhondda (Chris Bryant) might be a triumph of optimism over reality, but I leave that question for the House to consider.

HOUSE OF COMMONS COMMISSION

The hon. Member for Caithness, Sutherland and Easter Ross, representing the House of Commons Commission, was asked—

Apprentices

6. **Robert Halfon** (Harlow) (Con): How many apprentices are employed in the House of Commons service. [86679]

John Thurso (Caithness, Sutherland and Easter Ross): There are currently no apprentices employed by the House service, although two are employed by Parliamentary Information and Communications Technology as software developer apprentices. The last group of three apprentices in the Parliamentary Estates Directorate completed their training in 2010 and have subsequently been appointed to permanent posts. Catering and Retail Services has offered a two-year apprentice chef scheme, but there

have so far been no successful applicants. The House service is keen to employ more apprentices and continues to take steps to do so.

Robert Halfon: I am grateful to my hon. Friend. Will he take further steps to work with the charity New Deal of the Mind and support and encourage other MPs to employ apprentices in their own offices?

John Thurso: I am most grateful to my hon. Friend for that suggestion. Employment by MPs is not a matter for the Commission, of course, but certainly the House will do everything it can to assist in such efforts. I am sure that as he has put the matter on the record, colleagues will be aware of his very sensible suggestion.

LEADER OF THE HOUSE

The Leader of the House was asked—

Bills (Third Reading)

7. **Dr Julian Huppert** (Cambridge) (LD): Whether he has considered bringing forward proposals for the Third Reading of a Bill in the House of Commons to be taken after its consideration by the House of Lords. [86680]

The Parliamentary Secretary, Office of the Leader of the House of Commons (Mr David Heath): Any Bill first published in this House must currently pass through all its stages, including Third Reading, before it is sent to the House of Lords. We are aware of the suggestions made by my right hon. Friend the Member for Bermondsey and Old Southwark (Simon Hughes), but the Government have no plans at present to bring forward proposals to change the current arrangements.

Dr Huppert: Currently, Members in this House are forced to decide on a Bill when it is not in its final form, and in many cases Government amendments have been promised that we have yet to see. Does the Deputy Leader of the House agree that the primacy of this House would be strengthened if our Third Readings always happened last, and will he consider how that could be brought about?

Mr Heath: I understand the principle behind my hon. Friend's question. No Bill can become law until this House has agreed to all its provisions, including any amendments proposed by the House of Lords to a Bill first published in this House. I am not sure that I immediately see the value that would be added by a further general debate on a Bill, but I advise my hon. Friend and my right hon. Friend the Member for Bermondsey and Old Southwark that if they wish to pursue the matter, it should perhaps be considered by the Procedure Committee and by the other House.

Parliamentary Reform

8. **Harriett Baldwin** (West Worcestershire) (Con): What progress he has made on implementing the coalition agreement commitments on parliamentary reform. [86682]

The Parliamentary Secretary, Office of the Leader of the House of Commons (Mr David Heath): Since taking office, this Government have made substantial progress on implementing the coalition's commitments on parliamentary reform, which have helped to make the House more effective, transparent and accountable. Measures have included establishing the Backbench Business Committee, launching the e-petitions system and transferring responsibility for Members' pay and pensions out of our hands and into those of the independent regulator.

Working with the Deputy Prime Minister and the Parliamentary Secretary, Cabinet Office, my hon. Friend the Member for Forest of Dean (Mr Harper), we have also piloted a public reading stage for the Protection of Freedoms Bill, published proposals to allow the recall of Members of Parliament and started work to establish a commission on the West Lothian question. We will also shortly bring forward proposals on how we will proceed with the draft parliamentary privilege Bill.

Harriett Baldwin: There certainly has been a great deal of parliamentary reform. One commitment in the coalition agreement was to establish the West Lothian commission. A written ministerial statement on 8 September said that that would happen in the weeks following October, but certainly by the end of the year, so exactly when will we get that commission?

Mr Heath: I should first congratulate the hon. Lady, who since her election has demonstrated her commitment to this issue, not least during the passage of her private Member's Bill, the Legislation (Territorial Extent) Bill. As she correctly says, the coalition programme for government set out our commitment to establishing a commission to consider the West Lothian question, and my hon. Friend the Minister who has responsibility for political and constitutional reform updated the House in a written statement in September. The Government intend to publish the make-up and terms of reference of the commission shortly.

Mr Peter Bone (Wellingborough) (Con): The Deputy Leader of the House obviously could not list all the Government's parliamentary reform achievements because that would take up a great deal of parliamentary time. One that he missed was the commitment to introduce a Business of the House Committee. When will that happen, and what process will the House undertake to scrutinise it? Will he define "shortly" if he uses that word in his response?

Mr Heath: The hon. Gentleman is absolutely right. Time simply does not permit us to set out all the important reforms that this Government have introduced to the House, and there is much still to be done. One of those things is the establishment of the House Business Committee. We are clearly committed to doing that during the third year of this Parliament, and are happy to ensure that that is the case. We are looking forward to introducing proposals after we have listened to those on both sides of the House who have an interest in the matter.

Business of the House

11.32 am

Ms Angela Eagle (Wallasey) (Lab): Will the Leader of the House give us the business for next week and a bit of next year?

The Leader of the House of Commons (Sir George Young): The business for the week commencing 19 December will be:

MONDAY 19 DECEMBER—General debate on apprenticeships.

TUESDAY 20 DECEMBER—Pre-recess Adjournment debate. The format has been specified by the Backbench Business Committee.

Colleagues will also wish to be reminded that the House will meet at 11.30 am on 20 December.

The business for the week commencing 9 January will include:

MONDAY 9 JANUARY—The House will not be sitting.

TUESDAY 10 JANUARY—Second Reading of the Local Government Finance Bill.

WEDNESDAY 11 JANUARY—Opposition day [un-allotted day]. There will be a debate on an Opposition motion. Subject to be announced.

THURSDAY 12 JANUARY—Motion relating to a statutory code of practice for pub companies, followed by motion relating to parliamentary representation.

The subjects for these debates were nominated by the Backbench Business Committee.

I should also like to inform the House that the business in Westminster Hall for 12 January will be:

THURSDAY 12 JANUARY—Debate on the Home Affairs Committee report on "The Landscape of Policing".

May I take this opportunity to wish you, Mr Speaker, the hon. Member for Wallasey (Ms Eagle) and all right hon. and hon. Members a very happy Christmas and new year, and thank all those who have kept the House running smoothly during the year, including the Clerks, the Officers and staff of the House, the Doorkeepers and the cleaners? A merry Christmas to all with peace and good will.

Ms Eagle: Many of us are incredibly relieved that we have finally spotted a Government Bill arriving in the House, even if we have to wait until next year to see it. May I take this opportunity—the last business questions before Christmas—to echo the Leader of the House's Christmas wishes? I wish you, Mr Speaker, your Deputies, the staff of the House, the Leader and Deputy Leader of the House, and all Members and their staff a very happy Christmas and contented new year.

The House rises on Tuesday. The Government will no doubt be tempted to slip out as much bad news as they can in the last hours when they think that no one is looking. With 27 written ministerial statements on today's Order Paper alone, can the Leader of the House assure me that any announcement of significance will be made as an oral statement to this House?

Last week, I said that the Prime Minister was isolated in Europe, but I did not know then quite how alone he would end up. Last Friday, the Deputy Prime Minister was apparently firmly behind the Prime Minister's premature use of the veto at the European Council, saying that he was fully signed up to it. A few hours later, as his own party erupted in outrage, he let it be known that he was "bitterly disappointed" by it. He claimed that he told the Prime Minister that his actions were bad for Britain.

As the Prime Minister came to the House to make a statement, his Deputy got into a gigantic sulk, went to the gym and then straight on to Sky News to moan about his own Government before drowning his sorrows at the Ministry of Sound. The Business Secretary was apparently furious with the situation. The Scottish Secretary has publicly denounced the Prime Minister's use of the veto and the Energy Secretary has claimed on the Floor of the House that in Europe

"if you're not at the table, you're on the menu."—[*Official Report*, 12 December 2011; Vol 537, c. 574.]

On Tuesday, all Liberal Democrat Ministers and Whips, including the Deputy Leader of the House, and five members of the Cabinet refused to support a motion congratulating their own Prime Minister. The Ministerial Code says:

"The principle of Collective Responsibility…requires that Ministers should be able to express their views frankly in the expectation that they can argue freely in private while maintaining a united front when decisions have been reached."

What a joke. Is it not the case that in this Government, the Liberal Democrats have got it completely the wrong way round? They argue in public, but in private they will not stand up to the Tories no matter how much the Prime Minister humiliates them. Will the Leader of the House now confirm that the Prime Minister does not need to get a doormat for Christmas because he already has one?

While the Deputy Prime Minister hosts a European re-engagement event for business, the Prime Minister is busy fomenting opposition to the deal to appease his Eurosceptic Back Benchers. Will the Leader of the House tell us when the Prime Minister is going to amend the Ministerial Code so that it more accurately reflects the cynically choreographed "licensed dissent" which is becoming more obvious by the day?

Unemployment has risen this week to well over 2.5 million, which is the highest level for 17 years and includes more than 1 million young people, who are now in the growing dole queue. The Employment Secretary spent yesterday saying that the figures had stabilised, but the Prime Minister told his party last night that

"2012 will be the worst since the 1980s"

On Tuesday, the Justice Secretary admitted that Britain was facing

"a long period of youth unemployment."

Will the Leader of the House tell us why the Government have resigned themselves to a long period of high youth unemployment and a wasted generation? Instead of planning for this, would the Government not be better doing everything they can to stop it by adopting Labour's five-point plan for jobs and growth, which would give 1 million unemployed young people some hope for an otherwise bleak 2012? Should not the voters of Feltham and Heston reject this do-nothing Tory pessimism and vote for Labour's excellent candidate in today's by-election?

As Christmas approaches, many of us are racking our brains to think of appropriate gifts for friends and family, but with the Cabinet it is very simple: flip flops for the Deputy Prime Minister; a shredder to be shared

between the Business Secretary and the Minister of State at the Cabinet Office; and an espresso machine for the Justice Secretary so that he does not doze off in the Chamber again.

I was having trouble thinking of ideas for the Prime Minister until I discovered the Eton college online gift shop, where I found a very appropriate gift for him: "decision dice". For those who are not familiar with the finer gifts available from the Eton college catalogue, the dice are described as:

"The ideal gift for the indecisive or those who just can't make up their minds."

They are presented in a stylish chrome box engraved with the college coat of arms. For just £14.75, the dice are the ideal present for a Prime Minister whose U-turns this year have included: the sale of England's forests; cuts to school sports; anonymity for those accused of rape; and the scrapping of the office of the chief coroner.

I know that the Leader of the House with his usual gallantry will be trying to think of a gift for me. May I tell him that all I want from him for Christmas is the date of the Queen's Speech?

Sir George Young: I am not sure that there was a lot there about the business of the House, but let us have a go.

The hon. Member for Wallasey welcomed—I think—the announcement that a Bill would be given its Second Reading after the recess. I remind her that the House is not simply a legislation factory. We are not going to make the mistake that the last Government made of imposing too many ill-considered, ill-drafted Bills on the House. The Chamber has other things to do: the Chamber is here to hold the Government to account, to debate matters of national interest, and to represent the views of Members' constituents, and we are determined that it should have adequate time in which to do those things.

The hon. Lady spoke of written statements being rushed out before the recess. It was precisely in order to avoid making the mistakes made by the last Government and to avoid a last-minute rush that 27 written statements were issued today, days before the House rises.

As for our being isolated in Europe, on my way to the House I just happened to see a headline in *The Independent* which read "EU 26 fight to stop pact unravelling".

In response to the hon. Lady's lengthy thesis on relationships, I simply make the point that the relationship between the Prime Minister and the Deputy Prime Minister is stronger than the relationship between Tony Blair and the then Chancellor of the Exchequer, who were members of the same party. *[Interruption.]* Several autobiographies chronicle the weak relationship between Tony Blair and the then Chancellor of the Exchequer.

The unemployment position has indeed stabilised, as the hon. Lady will see if she reads what was said in the House yesterday by the Minister of State, Department for Work and Pensions, my right hon. Friend the Member for Epsom and Ewell (Chris Grayling). It can be found in column 844 of *Hansard*. My right hon. Friend told us that in the last month employment had risen by 38,000 and unemployment by 16,000, that the youth unemployment figure had remained static, that the jobseeker's allowance claimant count had risen by 3,000, and that the number of people who had stopped claiming incapacity benefit and income support as a result of the Government's welfare reforms was 10,000. The figures cover only one month, but they do show some signs of stabilisation in the market.

The hon. Lady referred to today's by-election. I hope that voters in Feltham will use it as an opportunity to reveal whether or not they approve of the stand taken by the Prime Minister last week, and I hope that, if they endorse it, they will go out and vote for the Conservative candidate.

The hon. Lady said that her Christmas wish was to know the date of the Queen's Speech. I admire her bravery, because it was not until 5.30 pm on Tuesday this week that the House was informed of the business for the following day, Wednesday, when the Opposition held a one-day debate. The Opposition give the House less than a day's notice, and the hon. Lady wants me to give the House months' notice of the date of the Queen's Speech.

Observing who is sitting next to the hon. Lady, let me end on this note. Like the leader of her party, the shadow Leader of the House has a sibling who is also a Member of Parliament, and whom I welcome to the Front Bench. According to an interview with the shadow Leader of the House and her sister, published earlier this year,

"they haven't had a... row in decades."

The hon. Member for Garston and Halewood (Maria Eagle) said

"we do know how to be with each other. It doesn't mean you can't disagree, but you know—you're sisters".

Given that admirable expression of family affection, I wonder whether the hon. Member for Wallasey might be able to give the leader of her party some advice on how to manage relationships.

Several hon. Members *rose—*

Mr Speaker: Following those stellar performances from the shadow Leader of the House and the Leader of the House, may I gently remind colleagues that we are focusing on the business of the House for next week and the beginning of 2012?

Mr Charles Walker (Broxbourne) (Con): May we have an urgent debate on the activities of parking enforcement companies—particularly Citywatch and Securak—which could be likened to demanding money with menaces, racketeering and extortion? May I make a final plea on behalf of a constituent? Toyin Lawal's car was pinched by Citywatch from a car park that it was not even licensed to patrol, and it wants eight grand to give it back to her. I want the police to go round and get her car back off these criminals.

Sir George Young: My hon. Friend's constituent is fortunate to have such a proactive Member of Parliament championing her interests in the House. He might know that legislation has now gone through making it illegal to clamp cars on private space. I think that it comes into effect in March next year.

Natascha Engel (North East Derbyshire) (Lab): There is only one full year before the Government have to introduce proposals on the establishment of a House business committee. Will the Leader of the House therefore

[Natascha Engel]

consider early next year establishing a time-limited Select Committee like the Wright Committee, on which he and I served, to consider proposals for what such a House business committee would look like? It could inform the Government and the House on how to move forward.

Sir George Young: I am grateful to the hon. Lady, who reminds the House of the commitment in the coalition agreement to establish such a Committee by the third year. She has proposed one way of implementing that commitment. There might be other ways, but I can assure her that I am actively considering how we deliver on that commitment, and at the appropriate time I would very much like to involve her in those discussions.

Mark Pritchard (The Wrekin) (Con): Christmas is a time when we think about the most vulnerable not only in the United Kingdom but abroad. Although Syria is not Libya, does my right hon. Friend agree that we need an urgent debate to discuss Syria and to ensure the end of the killing of thousands of innocent men, women and children?

Sir George Young: I understand my hon. Friend's concern. I cannot promise a debate before the House rises, although there is the pre-Christmas Adjournment debate on Tuesday. I shall pass on his concerns, however, which are widely shared on both sides of the House. We have made clear our view that the President should step aside in the light of what is going on and allow a democratic Government to take over. I shall pass on his concerns to my right hon. Friend the Foreign Secretary.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): Will the Leader of the House arrange for an early debate before the House rises on the importance of buying goods made in the United Kingdom? There are about 10 days of shopping before Christmas and we have a £30 billion trade deficit with China. I have conducted an experiment that shows that it is possible to buy presents made only in the United Kingdom, or, at a push, Britain and Europe. May we have a campaign and debate to get people to buy things made here, because it provides employment for young people and creates jobs?

Sir George Young: I am grateful to the hon. Gentleman, who has already launched such a campaign with his questions. I hope that all those tuned in will do what they can to promote jobs and prosperity by, where possible, buying goods made in the UK. On the trade deficit with China, he will know that my right hon. Friend the Prime Minister and many Cabinet members have made repeated visits to China to promote inward investment and to help companies based in this country to win export orders from China, so we hope to make progress in reducing the trade deficit between the two countries.

Mr Greg Knight (East Yorkshire) (Con): May we have a debate on the Portas report into our towns and cities, particularly recommendation 9, which states that in-town car-parking charges are too high, act as a deterrent to in-town shopping and should be abolished? Unless that debate is soon, will he circulate that recommendation to all Labour-led local authorities so that they know that their anti-car policies are putting local shops out of business?

Sir George Young: I am grateful to my right hon. Friend, who might have seen the written ministerial statement accompanying the publication of the Portas review earlier this week. There were several recommendations, some of which were aimed at local authorities, particularly the one to which he referred, and others of which were aimed at the Government. The Government will respond in the spring to the recommendations, and in the meantime I shall ensure that the Secretary of State for Communities and Local Government is aware of my right hon. Friend's strong views about the disincentive effect that high parking charges can have on the prosperity of high street shops.

Sir Gerald Kaufman (Manchester, Gorton) (Lab): Has the right hon. Gentleman seen early-day motion 2527, standing in my name and those of several other hon. Members, which expresses revulsion at the murder by Israeli soldiers of a peaceful demonstrator, Mustafa Tamimi, at whose head they fired point-blank a tear gas canister, and following which they manhandled his grieving sister?

[That this House expresses its revulsion at the deliberate killing by Israeli soldiers of Mustafa Tamimi, aged 28 years, while the Palestinian was taking part in a peaceful demonstration at Nabi Saleh on Friday 9 December 2011; notes that an Israeli soldier specifically and deliberately aimed a gas canister at Mustafa Tamimi's head, which hit him point-blank inflicting horrific injuries; further notes that these Israeli soldiers blocked access to an ambulance, pushed around Mustafa Tamimi's sister, who was deeply distressed by her brother's appalling injuries, and laughed and gloated at her, and calls for international action, rather than mild remonstrances, to prevent further Israeli murder of innocent Palestinians.]

Is he aware that at the funeral, Israeli soldiers fired tear gas and sewage through hoses at mourners? Will he ask the Foreign Secretary to tell the Israelis that they have to stop this sadistic thuggery, which no doubt they will resume again tomorrow?

Sir George Young: I am grateful to the right hon. Gentleman for his question and for raising that issue. He may know that there was a debate in Westminster Hall yesterday on Government policy on Israel, which would have been an appropriate opportunity to raise the matter. Given that he might have been unable to be there, I shall of course pass on his concern to the Foreign Secretary and ask him whether, if appropriate, representations might be made to the Israeli ambassador.

Bob Russell (Colchester) (LD): This House welcomed the Arab spring. May we have a debate in the new year on the Arab winter? I am referring to the Bedouin of Palestine-Israel, 30,000 of whom, or thereabouts, face the prospect of being removed in the new year from lands that they have occupied from before the formation of the state of Israel. This is ethnic cleansing and apartheid. Let us debate the Arab winter.

Sir George Young: The answer I give my hon. Friend may be the same as the one I have just given to the right hon. Member for Manchester, Gorton (Sir Gerald Kaufman). There was an opportunity to raise the issue

in the House of Commons yesterday, in Westminster Hall. We have arranged fairly regular debates on north Africa, the middle east and Afghanistan. I hope that there will be other opportunities in the new year to have similar debates, which will provide my hon. Friend with a platform to raise the legitimate concerns that he has just brought to the attention of the House.

Chris Bryant (Rhondda) (Lab): May we debate the Russian winter? I am not referring to the weather; I am referring to last week's elections, which were profoundly corrupt. All who went to witness the elections say that there was massive vote-rigging. In Chechnya, for instance, 95% of the vote came in for Mr Putin's party, despite the fact that everybody noticed massive vote-rigging. May I also suggest gently to the right hon. Gentleman that he take this matter up with his colleagues? There are Members of this House who sit on the Council of Europe in the same grouping as members of Mr Putin's party, and there is no reason why we should hide from the fact that there has been corruption in Russia. We need to ensure proper democracy.

Sir George Young: The hon. Gentleman will have seen the protests in Russia over the weekend about the conduct of the election. I am not sure whether this gives him any satisfaction, but I understand that President Putin has ordered a review of how the elections were conducted, although one should perhaps not set too much store by that. I shall draw the Foreign Secretary's attention to the concern—I suspect shared by those on both sides of the House—about the conduct of the elections and, again, see whether appropriate representations might be made to the Russian ambassador.

Sarah Newton (Truro and Falmouth) (Con): Small and medium-sized businesses in my constituency have very much welcomed the Chancellor's announcement of the £20 billion national loan guarantee scheme to get cheaper loans to businesses. That is particularly important in parts of the country such as Cornwall, where there are many seasonal businesses involved in, for example, tourism. May we have a debate on this excellent new scheme and find out more?

Sir George Young: I hope all of us can remind businesses in our constituencies that £20 billion, which is a huge sum of money, is available through the national loan guarantee scheme. These are loans that the Government will stand behind; therefore, the banks can offer them at a lower rate of interest to companies in my hon. Friend's constituency. We all have a role to play in promoting the scheme and in enabling businesses to take advantage of it and go ahead with investment projects that they might otherwise have been unable to afford.

Ms Karen Buck (Westminster North) (Lab): Westminster city council's proposed new evening and weekend parking charges have aroused universal condemnation, with genuine fears about the impact on job losses in the west end economy. The Secretary of State for Transport has gone on record as saying that she believes that such charges are a fund-raising measure, in which case they would be ultra vires. May we have an urgent debate, not only about the impact of such parking charges on the west end economy, but about the extent to which some local authorities are using parking charges to plug the black hole in their finances?

Sir George Young: I am a strong believer in local democracy, and I believe that it is for Westminster city council to take decisions about the appropriate level of parking charges. I am sure that the hon. Lady will make her own representations to the city council, although I would be surprised if it did anything that was ultra vires. However, at the end of the day, this is a matter for Westminster city council, not the Government.

Mr Edward Timpson (Crewe and Nantwich) (Con): Can my right hon. Friend find time for a debate on the regulation of service charges for residents of private retirement accommodation who are on fixed incomes, such as those of Wright Court in Nantwich, in my constituency? Often they are not properly consulted by the providers of such accommodation about either the services that they require or the services that they can afford.

Sir George Young: As a former Housing Minister, I am aware of the problems facing many leaseholders, who find themselves confronted with service charges that they believe to be unreasonable. There are a number of protections in legislation, but my hon. Friend may know that there is also the Leasehold Advisory Service—which I set up when I was Housing Minister—a specialist body sponsored by the Department for Communities and Local Government that can perhaps advise his constituents in dealing with the challenges that face them.

Pete Wishart (Perth and North Perthshire) (SNP): May we have a debate about the impact of the disastrous consequences of the Prime Minister's decision to isolate the UK from the rest of Europe on the ambitions of the devolved nations? The Leader of the House and other hon. Members refer to "separatists", but are not the only real separatists in this House the little Englander separatists on the Conservative Back Benches?

Sir George Young: I think that that charge might be made against the hon. Gentleman. One might think that his was a separatist party, if I might say so. However, we had such a debate on Tuesday, on an Opposition motion, when he would have had the opportunity to raise the matter, although as I said a moment ago, it is by no means clear that we are isolated in Europe.

Chris White (Warwick and Leamington) (Con): Last Monday the Design Commission launched a report called "Restarting Britain", which is about the importance of design in the UK. Given the importance of design in securing growth, particularly in partnership with manufacturing, will the Leader of the House give some Government time for a debate on design and its importance for our economy?

Sir George Young: As my hon. Friend may know from the Localism Act 2011, design is one of the key issues that we think should be taken into account, and I thank him for his well designed question. I cannot promise an early debate on the issue, but when the House returns, he might like to apply for a debate in

[Sir George Young]

Westminster Hall or see whether the Backbench Business Committee can allocate a debate on this important issue.

Jonathan Reynolds (Stalybridge and Hyde) (Lab/Co-op): May we have a debate on the behaviour of the energy companies? My constituent Mrs Larkin, from Hyde, has seen her monthly tariff rise from £65 to £79—an increase of more than a fifth—despite having always been in credit, and the energy company will not take any lesser amount as a more reasonable compromise. Given these times that we are in, when living standards are being squeezed, surely the energy companies should be behaving more responsibly.

Sir George Young: One of the initiatives that the Government took a few weeks ago with the energy companies was to make it easier for consumers to shop around and get a better supplier. That is an option that the hon. Gentleman's constituent may like to reflect on. In the meantime, however, I will pass on his concern to my right hon. Friend the Secretary of State for Energy and Climate Change and see whether he can play any role in resolving the issue that he has raised.

Mr David Nuttall (Bury North) (Con): May we please have a statement updating the House on when the driving test centre in Bury is likely to reopen? The centre was damaged owing to the ingress of water last Christmas. In the summer, driving instructors and their pupils, who were being greatly inconvenienced by the closure, were told that the centre would be reopened this year, but it is clear that this will not now happen.

Sir George Young: I understand that the delay was caused by structural issues that came to light at a late stage. Work is expected to commence in January, and I understand that it is hoped that testing at the Bury driving centre will resume in February 2012.

Tom Greatrex (Rutherglen and Hamilton West) (Lab/Co-op): Given that the Leader of the House seems to have some time to play with, may we have a debate in Government time on the landscape for Government support for carbon capture and storage? The inability of the Chancellor, the Chief Secretary to the Treasury and the Energy Secretary to make clear how much of the £1 billion previously allocated will now be available following the announcement in the autumn statement is causing uncertainty in the industry. We need to get ahead with this if we are to maximise the export potential of that crucial industry.

Sir George Young: This issue was raised at Energy and Climate Change questions relatively recently, when it was confirmed that the £1 billion is still available for suitable schemes.

Guto Bebb (Aberconwy) (Con): May I reiterate the call for a debate on the Portas report? In my constituency of Aberconwy, the town of Llandudno is still doing comparatively well, as the main retail centre for north Wales, but other towns, such as Llanrwst and Penmaenmawr, are seeing a decline in the retail sector, which might be combated by adopting some of the proposals in the Portas report.

Sir George Young: I am grateful to my hon. Friend, who adds weight to the representations made a few moments ago for a debate on that important report, which is also something that the Backbench Business Committee might like to consider if representations are made. The report was published alongside our own research and showed that some high streets are weathering the downturn—he referred to one in his constituency—whereas others have seen 40% less retail spending. We will respond to the recommendations in due course—probably in the spring—but in the meantime, I agree that the House might like to debate the issue.

Valerie Vaz (Walsall South) (Lab): I thank the Leader of the House for his assiduous answering of my questions over 2011. I want to ask him for one more urgent debate or urgent statement on behalf of my constituent Sheila Wither, who is disabled and has to pay £1.20 for a return journey on Ring and Ride, whereas the able-bodied over-60s can travel free by bus. Centro has consulted, but Sheila tells me that she agreed to the slight charge only because she feared losing the service. The Department for Transport cannot intervene. Will the Leader of the House do the right thing so that people with disabilities can travel free, just like their able-bodied counterparts?

Sir George Young: I am flattered by the hon. Lady's confidence that the Leader of the House can succeed where the Department for Transport has apparently failed. I will, of course, make appropriate inquiries to see whether we can help the hon. Lady's constituent.

Andrew Selous (South West Bedfordshire) (Con): May we please have an early debate on value for money in the Metropolitan police? It has emerged that for its most senior staff alone—those on salaries of between £80,000 and £260,000—the Metropolitan police has paid just under £70,000 for private health insurance. It is hard to justify that money, which could be spent on providing constables to fight crime on the front line.

Sir George Young: My hon. Friend will know that the ultimate decision rests with the Metropolitan Police Authority, but I agree with my hon. Friend's message that, at a time of downward pressure on public expenditure and the need to preserve resources for the front line, this issue should perhaps be given careful scrutiny before it is decided to carry on with it.

Jim Sheridan (Paisley and Renfrewshire North) (Lab): May we have a debate on the effectiveness of the Health and Safety Executive? A recent report highlighted that approximately 1,500 people die in work-related accidents every year but that the Health and Safety Executive investigates only one in 19 cases. Will the Leader of the House seek clarification of those figures and, if they are correct, what more will the Government do to protect people at their workplace?

Sir George Young: I am grateful to the hon. Gentleman for drawing attention to a quite impressive statistic on the numbers investigated and the total numbers reported. I will raise the matter with the appropriate Secretary of State and ask him to write to the hon. Gentleman.

Charlie Elphicke (Dover) (Con): Most of my constituents in Dover and Deal work in small and medium-sized enterprises. Will the Leader of the House find time for a

debate on how to help SMEs expand and on what the Government are doing for those enterprises to encourage more jobs and money?

Sir George Young: There was an opportunity in the debate on the autumn statement to put in the shop window some of the schemes that the Government have initiated. I remind my hon. Friend of the £1 billion business finance partnership for investing in exactly the type of businesses to which he refers, but through non-bank channels. That might be an appropriate avenue for my hon. Friend to explore for directing funds to mid-sized businesses in his constituency. The process of allocating those funds will begin early in the new year.

Kerry McCarthy (Bristol East) (Lab): Now that the Groceries Code Adjudicator Bill has been scrutinised by both the Select Committee on Business, Innovation and Skills and the Select Committee on Environment, Food and Rural Affairs, is it not time that it was brought before the House so that this measure, which is very popular with the public, can become law?

Sir George Young: As the hon. Lady rightly says, this Bill has had consideration in draft and it was a popular measure welcomed on both sides of the House. There will be a second Session of this Parliament, and the Groceries Code Adjudicator Bill is a strong candidate for consideration as part of it.

Tony Baldry (Banbury) (Con): May we have a debate early next year on social care and paying for the costs of care homes? We have been promised a White Paper in the spring, but it appears that this is going to be no more than a progress report and will not contain substantive policy decisions. It is sometimes argued that it is difficult to establish cross-party agreement on this issue, but if we were to have a debate, we could see whether there was cross-party agreement on the funding of social care and the cost of care homes. As co-chair of the all-party group on carers, I very much hope that this issue can be resolved before I leave Parliament. At the present rate of progress, however, I will be contesting further elections in Banbury before this matter is resolved.

Sir George Young: Regardless of whether the problem is solved, I hope my hon. Friend will continue to fight a large number of elections in Banbury. He will know that one of the first actions we took was to establish the Dilnot commission, which reported in July. There is a commitment to publish a White Paper in the spring, which will outline the Government's response to the important issues. There have been a number of debates on this important subject, but I would welcome a further one. We inherited a situation in which there were lots of White Papers but no action was taken during 13 years.

Clive Efford (Eltham) (Lab): Can we have a statement from the Leader of the House—or whoever he delegates it to—on how we can hold the Government to account over participation in school sport? We put questions to the Secretary of State at DCMS Question Time this morning, but he refused to answer any about how we are going to monitor participation at school age. The Secretary of State has put £11 million into school games: it was announced by him and it is on his Department's website, so it is not unreasonable to expect answers to DCMS questions about it. Will the Leader of the House make a statement on who is going to be accountable for answering questions on this subject in future?

Sir George Young: That sounds a little like unfinished business from the question and answer session that we have just had. I caught the end of DCMS questions and I thought that my right hon. and hon. Friends were answering questions with their usual competence and accuracy. I will, however, draw the hon. Gentleman's comments to the attention of my right hon. Friend the Secretary of State to see whether there is anything he wishes to add to what he said a few moments ago.

Glyn Davies (Montgomeryshire) (Con): A very important matter for many Members is the law criminalising assisted suicide. Bearing in mind the expectation of a campaign to try to change this law, will my right hon. Friend ensure that Members have an opportunity to express their views on this issue early in the new year?

Sir George Young: I understand my hon. Friend's concern. I think that this issue was debated during proceedings on a private Member's Bill during the last Parliament, although I am not sure whether we have had a debate on it in this Parliament. It sounds to me an admirable subject for a debate on which strong views are held on both sides. I suggest that my hon. Friend presents himself to the Backbench Business Committee to put in a bid. I think he will find support on both sides of the House in seeking consideration of that important matter.

Derek Twigg (Halton) (Lab): Can we have a debate about how commitments made on the Floor of the House by the Prime Minister to Back Benchers are adhered to by Ministers? On 7 November, I asked the Prime Minister:

> "If the eurozone continues to fail to deal with the crisis, what actions will the Prime Minister take to protect the interests of the UK?"

At the end of his answer, he said:

> "If he wants to discuss privately with a Treasury Minister the elements of any plan, he is at liberty to do so."—[*Official Report*, 7 November 2011; Vol. 535, c. 39-40.]

I took up that invitation and wrote to the Chancellor on 8 November, but I have had no reply, even though we are about to go into recess and this is a very important matter. I am concerned about whether this is going to be a broken promise by the Prime Minister—or, worse still, that it means that the Government have no plan to deal with the eurozone crisis.

Sir George Young: My right hon. Friend the Prime Minister made a statement to the House on Monday and answered questions for almost two hours. There was adequate opportunity for the hon. Gentleman and, indeed, others to press him on the matter. The Prime Minister answered questions on Monday, and I cannot believe that there is any uncertainty left about where the Government stand on this matter.

Mr Rob Wilson (Reading East) (Con): This week I attended the screening of "The Iron Lady" and was disturbed by the way in which the film portrayed its subject. Can we therefore have a debate on respect,

[Mr Rob Wilson]

good manners and good taste, as I found the film—although brilliantly acted—to be disrespectful to a Member of this Parliament?

Sir George Young: Unlike my hon. Friend, I have not had the benefit of seeing the film, although I know a number of hon. Members saw it earlier this week. There were conflicting views about it. Some found it to be a good film; others, obviously like my hon. Friend, found bits of it to be distasteful. I would welcome a debate, but I think Ministers should be cautious about expressing views that might be seen to be a form of censorship of films produced by independent producers.

Barry Gardiner (Brent North) (Lab): The Nagoya protocol on access and benefit sharing was designed to take millions of people in the world out of poverty and to release new medicines and products on to the market for the benefit of humanity. The Government signed that protocol at the convention on biodiversity at Nagoya in 2010, but it has yet to be ratified. Will the Leader of the House look into this as a matter of urgency, as ratification is vital if we are to get the protocol into force?

Sir George Young: I am very happy to raise that matter with my right hon. Friend the Secretary of State at DEFRA and to get a response to the hon. Gentleman before the House rises.

Margot James (Stourbridge) (Con): Metal theft is a scourge across the entire country and yesterday my hon. Friend the Member for Dudley South (Chris Kelly) and I met the Minister responsible at the Home Office, Lord Henley, and found much agreement with the provisions in the Bill promoted by the hon. Member for Hyndburn (Graham Jones), which has widespread cross-party support. Will my right hon. Friend ask the Home Secretary for a statement on this subject as a matter of urgency when the House returns in January?

Sir George Young: I think I am right in saying that there was an exchange on metal theft during Home Office questions on Monday. I can confirm that we are considering a range of measures, which include banning cash payments, supporting scrap metal dealers in identifying stolen metal and seeing how we can make it more difficult to steal such types of metals. We are also working with the Association of Chief Police Officers and the British Transport police have set up a new unit, but I will pass on my hon. Friend's suggestion that we reconsider the private Member's Bill to see whether we can make swift progress.

Diane Johnson (Kingston upon Hull North) (Lab): Will the Leader of the House explain to me why the House is returning on Tuesday 10 January? It seems to me that Monday 9 January is the day that we should come back.

Sir George Young: The House agreed to come back on 10 January in a motion that was put to the House last month. That date has been agreed. The House will still be sitting more days than in the first two years of the preceding Parliament, so there can be no suggestion that we are slacking.

Mr Philip Hollobone (Kettering) (Con): With over 90% of its shop units occupied and 100% of the units in the Newlands shopping centre full for Christmas, Kettering's town centre is weathering the economic storm better than most. May I join the calls for a debate in Government time on the Portas report into Britain's high streets before the Government publish their response, so that the Government can be informed of Members' views and opinions?

Sir George Young: I am grateful to my hon. Friend for reinforcing a suggestion that was made earlier, and I am pleased to hear about the prosperity of the shopping centre in Kettering. He is a member of the Backbench Business Committee and is probably better placed than I am to organise a debate on high street shops between now and the time when the Government respond. I hope he will therefore look sympathetically on colleagues who come to him with such a request, in view of the statement he has just made.

Mr Peter Bone (Wellingborough) (Con): Can we have a statement from the Leader of the House next week on an important issue? The Government have refused until now to say who would take over if the Prime Minister were incapacitated, and after last week's performance some of us would be very worried if it were the Deputy Prime Minister, in case he was in a sulk. Will the Leader of the House tell us who would take over? Would it be the Deputy Prime Minister, the Foreign Secretary or perhaps Mrs Bone?

Sir George Young: I think Mrs Bone might be towards the bottom of the list of possible successors, admirable though her qualities of leadership might be. My hon. Friend has asked me this question before and I refer him to the answer I gave on that earlier occasion.

Harriett Baldwin (West Worcestershire) (Con): Given the media headlines yesterday on young people's unemployment, it is easy to forget that young people aged 18 to 24 have experienced high unemployment as a percentage of the population since 2006—for many years now. It is obviously a structural issue, so may we have a debate on how we can help young people's aspirations? I hope that we could debate in a non-partisan way measures such as those incorporated into the youth contract and take into account the cross-party report on the future jobs fund published by the Select Committee on Work and Pensions.

Sir George Young: Some of those issues were touched on in yesterday's debate. We all have a role to play in tackling youth unemployment in our constituencies by drawing to the attention of potential employers that element of the youth contract that gives employers a subsidy of £2,250 a year, to cover the national insurance contributions, if they employ somebody aged between 18 and 24 who is on the Work programme. We can all publicise that scheme and encourage employers to take advantage of it, thereby playing a role in reducing youth unemployment in our constituencies.

Dr Andrew Murrison (South West Wiltshire) (Con): In December 2005, the then Government applied the influence referred to by the shadow Leader of the House to negotiate away £7 billion-worth of 1984 EU rebate in return for some illusory promises on common agricultural policy reform. Six years on, would it be appropriate to have a short debate on which of those promises resulted in action? I suggest that it need only be a short debate, since there has been very little action.

Sir George Young: My hon. Friend reminds the House that the previous Government surrendered a very valuable rebate some time ago. We want a substantial reduction in the size of the CAP, with a higher proportion of CAP funds for the cost-effective delivery of public goods, and we want a fair deal for our farmers and for taxpayers within a smaller budget. We hope to continue to deliver environmental public goods through an ambitious agri-environment programme. We will press on with our agenda of getting a square deal for this country in CAP reform.

Andrew Bridgen (North West Leicestershire) (Con): Given recent revelations about exam boards and in the light of information that I have obtained that shows that exam boards have been allowed to increase their charges to maintained schools by more than 10% a year for each of the past five years, may we have a debate about what has gone wrong with the exam board system? May we also have an investigation into who knew what and when, and who is responsible for denigrating our exam system that badly?

Sir George Young: I am grateful to my hon. Friend for that question. There is concern, particularly in the light of recent reports, about what is happening. I think that I am right to say that today one of the Select Committees is taking evidence on that very subject, and we await its report. My right hon. Friend the Secretary of State for Education has asked Ofqual to investigate some of the allegations and to report back. It is crucial that we restore the credibility of the exam system and that is what my right hon. Friend wants to do.

Andrew Jones (Harrogate and Knaresborough) (Con): In the Harrogate district, there are nearly 8,000 small businesses employing about 70,000 people. Please may we have a debate on small businesses and the measures the Government are taking to support them? In particular, I am thinking about the cut in small business corporation tax and the extension of the rate relief holiday. I have started businesses and worked in small businesses and I know that those measures will be very helpful. May we please treat this as a matter of urgency, because small businesses are the engines of growth in our economy and we must do all we can to help them thrive?

Sir George Young: I am grateful to my hon. Friend for reminding the House of some of the initiatives that the Government have taken to help small businesses. He could also have referred to the changes we have made to the enterprise investment scheme and venture capital trust regimes to increase the flow of capital. We have also launched the new seed enterprise investment schemes to encourage investment in start-up companies. As I said a moment ago, we all have a role to play in drawing to the attention of employers in our constituencies the measures the Government are taking to tackle unemployment and promote prosperity in the areas we represent.

Andrew Stephenson (Pendle) (Con): Last Friday, I visited the Alternative school in Barnoldswick and met head teacher Kirsty-Anne Pugh and the staff there. The school provides education for a number of young people who, for one reason or another, have not succeeded in mainstream education, and I feel that it has real potential to apply in future to become a free school. May we therefore have a debate on free schools and how they are fostering diversity, fairness and aspiration in our education system?

Sir George Young: I would welcome such a debate and I am grateful for what my hon. Friend has said. Half of the first 24 free schools are located in the most deprived 30% of areas in the country. I was interested to hear what my hon. Friend had to say about that school wanting to become an academy, and I welcome that, but he also reminds the House of the potential of our education reforms to help not just children in mainstream schools but those in special schools, who need every single piece of help they can get.

Jessica Lee (Erewash) (Con): At this time of year, I know that the thoughts of the entire House will be with British armed forces serving in Afghanistan and elsewhere around the world. I was one of a number of MPs who recently visited Camp Bastion, and it is certainly at the forefront of my mind. In the light of that and as a gesture of seasonal good will, will my right hon. Friend consider allowing a debate in this House to update us on operations in Afghanistan and the welfare of British troops?

Sir George Young: My hon. Friend speaks for the whole House in reminding us of the sacrifice that our armed forces have made and the fact they will continue to work over Christmas. May I suggest that she comes to the House on Monday for Defence questions, where she might have the opportunity to convey directly to Defence Ministers her appreciation of the armed forces and to get an authoritative response from my right hon. Friend the Secretary of State?

Brandon Lewis (Great Yarmouth) (Con): In my role as chair of the enterprise zone group and from talking to businesses in tourism, engineering and energy across Great Yarmouth, I can see clearly that among SMEs and individuals there is a real aspiration for growth and development in their businesses—it is almost tangible. Bearing that in mind, as well as projects such as the seed enterprise investment scheme and others that have been mentioned today, may I echo colleagues' and hon. Friends' earlier words about the importance of a debate in Government time on business and what the Government are doing further to highlight the great opportunities for businesses in our country?

Sir George Young: I am grateful to my hon. Friend for highlighting some of the initiatives we have already taken to help small businesses, and I was interested to hear about his experience. I cannot promise an immediate debate, but I am sure that when the House returns it will want to debate the economy, giving him a platform to

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talk about the schemes that have already been introduced and the further steps he would encourage the Government to take in order to make more progress in his constituency.

Mrs Anne Main (St Albans) (Con): I wrote in June to the Under-Secretary of State for Transport, the hon. Member for Lewes (Norman Baker), because Network Rail was missing eight out of 10 of its targets. In November, the Office of Rail Regulation said that its projections showed that Network Rail would fail to meet many of the targets that had been reset for it. The latest report from the ORR said:

"Train performance continued to deteriorate".

That is having a massive impact on my commuters, as 60% of delays have been attributed to it. When can we have a statement? Network Rail is being monitored still for failing so many targets. May we have an urgent statement on its performance in the new year?

Sir George Young: I am sorry to hear about the problems that my hon. Friend's constituents face because of the failures of Network Rail, which has a somewhat unique governance structure that makes it difficult to hold it to account. I will share her concerns with my right hon. Friend the Secretary of State for Transport. My hon. Friend will know that additional funds were announced in the autumn statement to help railway infrastructure. I hope that some of that might filter through to her constituency and reduce some of the problems she has mentioned.

Robert Halfon (Harlow) (Con): May we have a debate on Saif Gaddafi and the London School of Economics given that the university refused to divulge information as to the circumstances in which he was awarded his PhD, despite freedom of information requests? Will the Leader of the House speak to the Minister with responsibility for higher education and urge him to call on the LSE to publish what really went on in this disgraceful episode of taking blood money for PhDs?

Sir George Young: I understand my hon. Friend's deep concern, but I am not sure that I can comment on individual information requests. I do not know whether he has approached the Information Commissioner's Office. He has a right of complaint to that office and from there to the first-tier tribunal. In general, when a request is made for the release of the personal information of others under the Freedom of Information Act, such information can be released only if that would be in compliance with the provisions of the Data Protection Act. We are looking at the FOI Act as part of post-legislative scrutiny and I can only suggest that my hon. Friend pursues the avenues I have just touched on.

Mr Speaker: I thank the Leader of the House and reciprocate his good wishes to me. I take this opportunity to express good wishes for a merry Christmas and a happy new year to all colleagues and to all who serve the House.

Backbench Business

[Un-Allotted Day]

Parliamentary Standards Act 2009

Mr Speaker: It may be for the convenience of the House to know that the Backbench Business Committee has recommended that the second of our two debates should last for at least three hours, which means that this first debate should finish no later than 3 pm. It may also be for the convenience of the House to know that I have selected the amendment to the motion in the name of the hon. Member for Aberconwy (Guto Bebb).

12.23 pm

Adam Afriyie (Windsor) (Con): I beg to move,

That this House approves the recommendations of the First Report from the Members' Expenses Committee on the Operation of the Parliamentary Standards Act 2009, HC 1484.

It is a pleasure to open the debate. I do not intend to detain the House for too long, as there has been a lot of debate on this subject. I welcome this opportunity from the Backbench Business Committee to present the findings of our very thorough and carefully conducted review of the Parliamentary Standards Act 2009. The Committee on Members' Expenses was tasked with reviewing the operation of the Act to work out what were its aims—what was intended by Parliament—and whether those aims were being fulfilled, and to make any recommendations that were felt necessary.

I am delighted that the House has the opportunity to debate this issue and I thank hon. Members on both sides of the House for their support and input during the process of constructing the report. I thank in particular my fellow members on the Committee. We worked very hard in very busy circumstances to try to put together a report that truly reflected the evidence we received. Hon. Members will be aware that in many cases when one is on a Committee one has to pull back one's personal preferences to ensure that what is delivered is fair and balanced and truly reflects the evidence and information provided. I thank the Chair of the Backbench Business Committee for making it possible to bring these issues to the House in a non-confrontational environment in which we can talk about matters that relate to the House and, primarily, to Back Benchers. This is a good forum in which to do that.

The party leaders and the House in general deserve some recognition for the initiation and passing of the Parliamentary Standards Act in 2009 and the amending Act in 2010. The House clearly decided to get rid of the old discredited system, to have independent regulation of Members' expenses and to have that level of remuneration set independently. It also decided clearly that it wanted there to be more accountability for that body and these things than there had been in the past. I thank in particular the former Leader of the House, the right hon. and learned Member for Camberwell and Peckham (Ms Harman), for stating very clearly what the intentions of the Act were prior to its enactment in 2009. I thank also the shadow Leader of the House at that time, the current Leader of the House and the former shadow Leader of the House in the current Parliament for being entirely consistent in their presentation

of the aims and objectives behind the legislation and for being persistent in trying to ensure that those aims and objectives were met.

Contrary to most media reports, the review that I present on behalf of the Committee is not particularly controversial. It is completely in keeping with the aims of the Act, as they were laid out. There are seven fairly clear aims about, for example, value for money, accountability, not deterring Members from making claims, being open about what is going on—the transparency side of things—and not creating a system that is unfair for Members who do not have independent means or who do not have families. We were very mindful of those objectives when we conducted the review and I highly recommend that hon. Members read the first section of the report, which runs through the history of payments to MPs. That section also runs through each of the Act's aims and analyses the extent to which they are currently being met.

Daniel Kawczynski (Shrewsbury and Atcham) (Con): My hon. Friend has thanked various people. Will he accept my thanks and those of many colleagues for all the work he has put into this report? This is an extremely controversial matter and he has shown great leadership and sacrifice in doing all he has done.

Adam Afriyie: I thank my hon. Friend. If I could, I would probably flush up at this moment, but luckily hon. Members would not know if I had.

The objective of the review and its recommendations was to make sure that the aims of the Act, on which the majority of the House agreed, were being met in reality. Let me dispel a couple of the misleading ideas that are bouncing around about the report before I go through its recommendations so that the House is fully aware of what we might be accepting or putting over to the Independent Parliamentary Standards Authority a bit later.

Mark Pritchard (The Wrekin) (Con): I, too, congratulate my hon. Friend on the hard work that he and his Committee have done over the past few weeks. During the expenses scandal, issues that came up included not only the misappropriation of public funds by a minority of Members in the House but the cost of politics. Could my hon. Friend set out whether his recommendations would drive up or drive down the cost of politics?

Adam Afriyie: That is one of the key issues that we looked at. If Members go through the recommendations—I will run through a few of them in a moment—they will find that their primary motivation is to find ways of reducing the costs of bureaucracy for the taxpayer and to achieve better value for money. At the moment, there is a huge burden on Members because of the unnecessarily long time that it takes to navigate the expenses system, and that places a cost burden on our constituents—the taxpayers. It also takes Members, and their staff, away from serving their constituents and performing the functions that they were elected to perform. My hon. Friend the Member for The Wrekin (Mark Pritchard) hit the nail on the head with his remarks, because at the forefront of our minds was the question, "What recommendations can we make that will reduce the overall costs and ensure that the system is still accountable?"

Bob Russell (Colchester) (LD): I want to put on record my appreciation of the front-line staff of IPSA, who have to work a system that is not fit for purpose. In addition to there being costs to Members of Parliament and their staff, the National Audit Office believes that in 38% of cases the cost of processing a claim is higher than the amount for which the claim is being made. Will my hon. Friend confirm that?

Adam Afriyie: That is a fascinating statistic. We had a session in which we looked in particular at value for money, and that message came through loud and clear. Anyone in the House with a background in business or in a medium-sized organisation that runs an expenses system will recognise that something needs to be looked at if the cost of processing a large minority of the claims is higher than the value of the claims themselves. Some of the recommendations are very much directed at helping IPSA to move to a system that is less expensive to operate and in which taxpayers' resources are being spent as they would wish: on activities such as supporting democracy and ensuring that constituents are serviced, rather than supporting unnecessary bureaucracy.

Mr Andrew Smith (Oxford East) (Lab): What would the hon. Gentleman say to the argument that the public might well see it as rather self-serving of MPs if his cost-saving proposals had the effect of there being less scrutiny of the money that they spend? Would not the public, in the wake of the scandal, be particularly concerned about that?

Adam Afriyie: That is absolutely right. The right hon. Gentleman could have been a member of the Committee, because that was exactly the attitude adopted by every member throughout. We asked ourselves, "Can we, with our recommendations, improve the transparency and the accountability to the public beyond what is being offered under the current regime?" That was exactly the direction of travel and I urge the right hon. Gentleman to have a good look through the 19 recommendations, because he will see that we seek to address that issue.

Cathy Jamieson (Kilmarnock and Loudoun) (Lab/Co-op): As a member of the Committee, I add my thanks to the hon. Gentleman for all the work that he has done. Does he agree that it is unfortunate that some of the media reporting has perhaps given the impression that the Committee was making recommendations for something that would be less transparent, when nothing could be further from the truth? We want to see more transparency, better value for the taxpayer and independence in setting pay, allowances and expenses for MPs.

Adam Afriyie: The hon. Lady makes the point very well. Those who actually read the report will see that that is exactly what we were attempting to achieve. I think that we achieve it elegantly in our recommendations to IPSA on how to improve the way it operates, and we achieve it in quite a moderate fashion in the recommendations that the Government may want to take up in the months and years to come.

Sir Peter Bottomley (Worthing West) (Con): I echo the words of my hon. Friend the Member for Colchester (Bob Russell) about anything that we say here not being

[Sir Peter Bottomley]

derogatory about IPSA staff, who face the same problems we do. I draw the attention of my hon. Friend the Member for Windsor (Adam Afriyie) to the answers in annex 1, which show that four out of five MPs think that IPSA is not effective in helping us to do our job. I tried to ring IPSA this morning, because I see that 99 times out of 100 it answers the phone within 60 seconds. I started calling at 9 o'clock; it is now half-past 12. That is three and a half hours. It is a bit like the train operating company that said, "No trains this morning were late because we didn't run any." IPSA will not answer the phone before 1 o'clock, and then we discover that the person we want is at lunch. If the amendment is carried—I am not sure whether it should be—will my hon. Friend try to persuade IPSA to pay attention to the detail of the report? Does IPSA have to be the only public service that for half the day is not available to somebody who wants to ring it?

Adam Afriyie: That is another point very well made. I hope that the direction of travel in the recommendations will precipitate such an outcome when IPSA reflects on them.

I draw everyone's attention to the survey in annex 1, on page 66, which contains some telling statistics. We conducted a brief survey towards the end of the inquiry to ensure that we were picking up contemporary, rather than historical, points of view of Members of Parliament. There are some striking figures. For example, 81% of MPs do not believe that the board of IPSA has been effective in supporting MPs in conducting their duties. Even if the intention was to be supportive, it is quite telling that over 80% of MPs do not think that it is. Another fascinating statistic is that 93% of MPs are subsidising their work here. That is a contemporary figure from two or three weeks ago.

Bob Russell: Does my hon. Friend know of any other profession or occupation—perhaps the world of journalism? —where 93% of the work force are subsidising the work that they do?

Adam Afriyie: It is incredibly unlikely. As I say, 93% are subsidising their work to some degree—some, about one in 10, to the tune of over £10,000 a year. One of the main reasons cited, by 83% of MPs, is that they are trying to protect their reputation. The bi-monthly publication cycle allows for misleading comparisons. The report calls for more transparency—perhaps we could publish in real time. However, the misleading bi-monthly publication routine means that MPs are trying to protect their reputation, which is the thing most valuable to them. Let us not think that that is a selfish act; it is an act that works to protect our democracy. If individual MPs are constantly being lambasted in their local media for making legitimate claims but having false comparisons made, that undermines democracy overall and harms the reputation of Parliament. That is why one of our recommendations is that IPSA should become a lot more transparent in its publications.

We make a recommendation about annual publications. At the moment, it is incredibly difficult for the public to see what is going on. They have to print out one page and then another, and try to compare them. That does not work, so we recommend that the annual publication is searchable and easily accessible to the public so that they can make sensible comparisons from year to year, rather than misleading ones drawn from the bi-monthly publications.

Jo Swinson (East Dunbartonshire) (LD): There are many helpful suggestions in the report, not only on how IPSA can pursue matters in a most cost-effective way but particularly on the issue of transparency, which is crucial. I wholeheartedly endorse what the hon. Gentleman says about real-time publication and making it easier for the public to search. I am also delighted to see that the Committee has recommended to IPSA that the underlying receipts should also be published so that anybody can see all the evidence, obviously with credit card details redacted for security. That is essential.

Adam Afriyie: I thank the hon. Lady. The whole thrust of the report was to make sure that there is value for money for the taxpayer and that transparency is enhanced and improved. However, our primary aim, which we reaffirm in recommendation 1, is that we want the independent determination of the payments system for MPs' costs and independent regulation to continue, and to continue to be robust. Let me dispel myth No. 1. Nothing in the recommendations seeks to undermine the independence of IPSA and the power of the regulatory function performed by that outside body. That was paramount in what we were doing. The Act was right in that intention, and it should remain, which is why we reaffirmed it in recommendation 1.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): Many of us very much admire the hon. Gentleman's work in this field. We all feel very exposed. We all have an individual relationship with IPSA. Being able to share in a debate such as this is very useful, but I constantly feel that we need a parliamentary association that can act for Members of Parliament across the Benches when these very important issues about how we best fulfil our functions come up.

Adam Afriyie: That is an interesting point.

Mr Edward Leigh (Gainsborough) (Con): I chair the liaison committee with IPSA, which includes Members from all parties, and know that it can be a deeply frustrating experience. We do our best, but one of the problems we have had is trying to convince IPSA that its primary motivation must be to allow MPs to do their job and have a system that is not bureaucratic, does not allow fraud or error and, above all, saves taxpayers' money. That is why a central recommendation of the report is that there should be an independent cost-benefit analysis of whether a flat-rate, taxable allowance, so that there could be no fraud, error or detailed administrative costs, would save taxpayers' money.

Adam Afriyie: I thank my hon. Friend for his intervention and for his work on the Committee. I think that together we came to a very moderate view that we hope will, if the recommendations are accepted, move the whole thing forward.

Mr Andrew Tyrie (Chichester) (Con): Does my hon. Friend agree that the key message that must come out of today's debate and go to the Front Bench as well as to IPSA is, as my hon. Friend the Member for Gainsborough (Mr Leigh) has just said, that IPSA's

primary duty must be to ensure that we can do our job, and the plain fact is that many of us find it has become an obstacle to our doing that? That is why the legislation needs to be changed. Does he also agree that it is extremely important that these recommendations are not kicked into the long grass, and does he share my hope that Front Benchers will do nothing to obstruct this early implementation, which is clearly sensible?

Adam Afriyie: That is another point well made. I will tackle the point made by the hon. Member for Huddersfield (Mr Sheerman) first and then move on to deal with that made by my hon. Friend.

If we think about the rest of society and the work we do as MPs—this is not a sob story, but I am sure that it will be reported as such—we will realise that every other body has a pressure group, a trade association, a trade union or a communications or public relations company working for them. We want our great British democracy to be an icon of honesty, transparency and straightforwardness around the world, so it is curious that Parliament appears to be the only organisation that does not have a similar function. IPSA, which is a small organisation, has two or three people dealing with its communications, but in Parliament there is no one to give the other side of the story. That is not a recommendation of the report, but simply my own observation to back up what the hon. Gentleman said.

Mr Sheerman: The trouble is that the three main parties in the House tend to be represented by the Whips, whose view of what goes on here is very different to that of most Back Benchers, so the call that I would like the hon. Gentleman to make for a parliamentary association might be what we need.

Adam Afriyie: The hon. Gentleman makes his point well. It is not in the report, but I accept it.

To return to the point made by my right hon. Friend the Member for Chichester (Mr Tyrie)—*[Interruption.]* Have I just promoted him?

Sir Peter Bottomley: He should be right hon.

Adam Afriyie: Indeed he should.

The report contains two pretty uncontroversial recommendations, and again this brings me to the second misrepresentation. The first recommendation, which is for the Government, is that the primary duty of the independent regulator and its administration should be to support MPs to perform their duties cost-effectively and efficiently. The Committee on Standards in Public Life and the constitutional historians we spoke to recommended that, as virtually every body in the world has that kind of line in their legislation. There is no time limit on that, so we recommend that the Government should at some point get around to doing that, and I urge them to do so.

IPSA is unique in being both the regulator and administrator of an expenses system. The second recommendation is that the law should be updated to enable the separation of those two functions. We are not saying that the administration function should definitely come to the House of Commons. We say nothing of the sort. We are not going to recreate the old Fees Office, which would be absolute madness, so that will not happen. However, we should be able to separate those two functions within the legislation, and I urge the Government—there is no need to answer this now—to make headway and look at how we might facilitate that while ensuring that the regulatory role is entirely independent of the House.

Stephen Williams (Bristol West) (LD): As a member of the Committee, I would like to put on the record my thanks to my hon. Friend for his patience in trying to reconcile the views of the Committee. On the point he is making, in addition to the separation of IPSA's regulatory and administrative functions, was not another stark factor presented to the Committee the extraordinarily expensive way IPSA administered a relatively small number of transactions and the fact that many other organisations, whether inside the House of Commons or elsewhere, could do that for much better value for money for the taxpayer?

Bob Russell: Tesco, for instance.

Adam Afriyie: My hon. Friend the Member for Bristol West (Stephen Williams) was incredibly helpful during the Committee's deliberations, for which I thank him. We all have strong views on these matters, some of which will be very different, so I thank him in particular because we all moderated our views somewhat to look at the evidence and see where it pointed us. We came to a good conclusion on how the system can be become more efficient. I should also point out that there have been arguments from the press again, and unfortunately from elsewhere, suggesting that somehow the report wants the House to regain control of expenses. That is utter nonsense. There is nothing in the report that seeks to do that. If there is any lack of clarity, I am happy to tidy it up or answer any questions. All the recommendations, other than 2 and 3, are for IPSA. It has the power to accept or reject them. We hope that it will accept them, but it has the power. There is nothing in the report that alters the relationship. If anything, one or two of the recommendations seek to increase the distance between Parliament and the regulator and urge IPSA to be more transparent.

Alison Seabeck (Plymouth, Moor View) (Lab): I have a fairly straightforward question. Does the hon. Gentleman expect Sir Ian Kennedy and IPSA to respond publicly to the Committee's recommendations?

Adam Afriyie: The amendment to the motion makes that point and proposes that IPSA should address the report in its annual review, and I have no objection to that and hope that it will respond. It seems to have indicated that it will respond at some point, which would be great. The House will await that response and then take a view on it, but it is for IPSA to decide whether to implement these cost-effective measures or reject them.

Alison Seabeck: Is not part of the problem, and part of the frustration that Members of the House feel with IPSA, the fact that we do not get responses from it? I have written to Sir Ian Kennedy on a number of occasions but have yet to receive a reply signed by him. I would like a public reassurance from IPSA that it will respond thoughtfully to the recommendations of what is an excellent piece of work by the Committee.

Adam Afriyie: Again, that is a perfect observation. In the survey that was conducted, MPs were asked on how many occasions in the last six months IPSA lost paperwork that they had submitted in support of a claim. Some 62% of MPs replied the IPSA had lost paperwork. In response to a question on the consistency of advice, the majority of MPs said that advice has been inconsistent. We updated the survey specifically to ensure that we were talking not about the history of the organisation and what happened when it was set up, but about the current reality for Members trying to get on with their work. What the hon. Member for Plymouth, Moor View (Alison Seabeck) said is reflected in the information and evidence within the report.

I will focus on two recommendations for the moment before concluding my remarks. I just wanted to dispel many of the myths that have been knocking about.

We recommend that IPSA should move as far as possible to a system of direct payments. There are lots of reports in the media about MPs and whether they are pocketing money, but, as we know, certainly since the beginning of the new Parliament, that has not been the case. Even IPSA would agree, because it has robust systems, but the Committee says, "Why keep paying money to MPs, who then have to pay it to their member of staff who bought a toner cartridge three months earlier?" Many payments could be made directly to suppliers, so that the money does not go via MPs. They are not MPs' expenses, they are the costs of running an office, and I cannot imagine that anyone in the country buys their own office furniture and then reclaims the costs.

Bob Russell: "Expenses" is the wrong word; those costs are allowances for us to do our job. My staff salaries are not my expenses.

Adam Afriyie: That point is reflected in recommendation 8, in which the Committee states that there should be a "clear distinction" between those costs that are commonly associated with an MP personally, and those costs that clearly relate to running an office and paying staff. They do not come anywhere near an MP; they are merely the cost of providing a service to the public.

Jo Swinson: The hon. Gentleman's remarks on the separation of the administration and regulation of expenses are interesting and helpful, and I understand why those roles should be separate, but some media coverage might have been generated in part by the recommendation stating:

"The best arrangement would be for that separate body"—

the administration—

"to be within the House of Commons Service".

Some Members, and certainly I, feel that that is absolutely the last place to which the administration of expenses should go. A separate accounting firm might be able to administer them more cost-effectively, but please let us not return them to the House authorities.

Adam Afriyie: I thank the hon. Lady for her view, and I can understand the shudder that would go up the spine if it looked as though we were making such a recommendation, but we are not. The Committee's opinion is that the House is probably the best place for such an administrative role, because the IT systems and infrastructure are already in place, but that is not our recommendation. It would be misleading to suggest that we recommend the return of such administration to the House; we simply say that we think that that is the best way. All that is needed is to enable the separation of the two roles.

If Members are concerned about that idea, I challenge them to find any other body in the world which is both regulator and administrator. IPSA is unique: we would never allow such an arrangement in any other walk of life, and it is certainly unique when it comes to Parliaments and payments to Members.

Mr David Winnick (Walsall North) (Lab): May I pay tribute to the hon. Gentleman for his excellent work in this regard but, at the same time, strengthen and support what the hon. Member for Colchester (Bob Russell) has said? Among the general public, the thinking is that expenses are taxi fares and the rest, but they do not understand—understandably so—that expenses include the salaries that we pay our staff, without whose work we could hardly carry out our duties as Members. The sooner this silly and unnecessary term "expenses" is changed to a relevant one, the better we will be.

Adam Afriyie: That point is echoed and very well made as a recommendation in the report. IPSA is taking some steps in that direction, and I hope that the report encourages it to move more quickly.

Let us remember that all the changes we made in 2009 were about improving the public's confidence in this institution, but that cannot happen if the way information is published misleads people into believing something different. I am concerned in particular about the new intake of MPs, and at some point I will ask IPSA, "How many members of the new intake do we honestly think have been terribly devious and tried to cheat their expenses?" I think that the answer is zero. The robust systems in place indicate as much, but every eight weeks Members are lambasted in their local press for claiming something, so something is wrong with the way information is presented, and that is what the report tries to tackle.

Daniel Kawczynski: I very much hope that as part of my hon. Friend's recommendations to IPSA he challenges it also to interact with our suppliers to lower the costs that we pay to some of them, such as Cellhire, which I personally think are extortionate. I very much hope also that IPSA will use bulk purchasing contracts in future to drive down our costs.

Adam Afriyie: The report also makes that recommendation, urging IPSA to continue in that direction and, as far as possible, like most other organisations, to do some central purchasing and secure some wholesale agreements, as it has with rail travel. It is stepping slowly in that direction, but we urge it to move a lot more quickly, so that our time and that of our staff can be spent on constituents rather than on unnecessary bureaucracy.

It is very hard to see anything controversial in our report; it is incredibly moderate, calm and analytical. It also asks that IPSA be more transparent and explain to the public—on its website, or in a letter to us—its

existing system of supplements for London, for the outer London area and for mileage; explain its rationale for those items, which it has introduced, because the public need to know why it has done so; and then to show very clearly the methodology behind the calculation that enables it to arrive at its figures for those supplements. That would be a very useful exercise, because then people might see how the numbers are calculated and where they come from.

In the second part of recommendation 17, we say that if the system that IPSA has already introduced to London and the outer London area were rolled out—so we are not making a decision on it, but saying, "if it were rolled out"—let us ask a third party, not us or IPSA, to undertake a cost-benefit analysis to see whether it saves taxpayers money and provides them with value for money. Even if it does, and it may not, that is not good enough, however, so we recommend that a third party evaluate whether the system continues to meet the aims of the 2009 Act. Again, that is pretty uncontroversial: we simply, and perfectly reasonably, ask for information, and for an analysis and evaluation to be undertaken.

Recommendation 17(c) may have caused a little concern. During my discussions with the Leader of the House and others, there was some concern that it implies that Members should take control of the expenses system again and "decide" what IPSA does. May I just be absolutely clear, however, and ask Front Benchers to reflect on the fact that, if that were the argument, I have made it clear—including in the amendment that I attempted to table—that that is definitely not the intention? If a word is slightly out of place, I would just say that the report is not legislation but merely a set of recommendations, and I apologise on behalf of the Committee.

The recommendation states that, once the cost-benefit analysis has been completed and we are able to work out whether the taxpayer would get better value while accountability, transparency and everything else are maintained, the House should express its opinion, which I imagine would be in the form of a motion or an early-day motion, stating: "In the opinion of this House, we think this piece of work is jolly good and IPSA should think about it." We would not be overruling IPSA—nothing of the sort; it would be another recommendation in a report, and that would be it.

Sir Peter Bottomley: Will my hon. Friend explain recommendation 18, which states that MPs should have no increase in pay during a Parliament? I agree with that, but should it not read as IPSA setting, in advance of an election, what the pay will be?

When I searched for best matches for IPSA telephone operating hours, the search engine recommended that I go to the International Professional Surrogates Association, which deals with problems of "physical and emotional intimacy". That is the problem we have with IPSA.

Adam Afriyie: I suspect that we have some of those problems in the House as well.

On recommendation 18, in the Welsh Assembly and many others throughout the world a figure is set for the duration of a Parliament. We now have fixed-term Parliaments for five years, but the Committee felt that, even if we did not, it would be far better to select a figure that remained the same for the entire Parliament. Then we would not have the constant moving around and unnecessary changes that we currently experience. The situation seems to work very well in Wales with the Welsh Assembly and elsewhere, so we recommend not that IPSA introduce the proposal, but that it look at it, so that we do not have stories every three months about another change—another shift in the level—and whether a figure relates to RPI or to CPI. Let us forget all that and just have a fixed figure that runs for a Parliament.

Mr Andrew Smith: I am grateful to the hon. Gentleman, who is being generous in giving way. I take him back to recommendation 17(c), which states:

> "In not more than six months' time, the House should have the opportunity to consider the merits of that cost-benefit analysis and evaluation"—

which the hon. Gentleman referred to—

> "and to make a decision on whether there should or should not be a system of regional supplements instead of the existing travel and accommodation provisions."

Does he accept that that is wrongly worded and inconsistent with what he has said? I, for one, would find it unacceptable because it compromises the independence of IPSA.

Adam Afriyie: We can quibble about one word in a report that is 100 pages long. I am telling hon. Members on behalf of the Committee that that was not the intention. The intention was simply to express a view about whether that was something that we would like to see. Basically, it would be like another recommendation to IPSA.

I hope that there is not going to be some massive argument about the issue; I have just made it absolutely clear to the House what was intended. By the way, I have also put the matter in writing to Front Benchers. Furthermore, I have now stated that I imagine that there would be a statement or early-day motion that said, "The House's opinion is that we like it or do not like it." The issue is for IPSA, not the House, to decide. We are looking for demons where they do not necessarily exist.

Mr Leigh: The right hon. Member for Oxford East (Mr Smith) can be reassured because the House cannot order IPSA to do anything, except by an Act of Parliament. We could pass any motion we liked to express an opinion, but that could not force IPSA to do anything. The right hon. Gentleman talks about the House making a decision, but it is making a decision to express a point of view, and IPSA is independent.

Adam Afriyie: I draw hon. Members' eyes back to the first recommendation—the first thing that we are insisting on is that that independence should remain. That is what this whole thing was about. We were not tackling that in any way, other than to say that in some ways that independence should possibly even be enhanced through a separation of the administration and regulatory functions, so that IPSA would be in an even more powerful position to do the regulation, audit and checking, rather than doing the administration.

Mr Peter Bone (Wellingborough) (Con) *rose*—

Jim Sheridan (Paisley and Renfrewshire North) (Lab) *rose*—

Adam Afriyie: I will give way twice more, and then I will definitely stop. I give way first to my hon. Friend.

Mr Bone: My hon. Friend is making an extraordinarily powerful and well reasoned case. But is it not a fact that a vote on his motion would simply say that the House approves of the recommendations? It could not force the Government or IPSA to do anything. May I suggest that a lot of misinformation is being given out by the usual channels?

Adam Afriyie: We have all heard my hon. Friend's comments.

Jim Sheridan: Are there any recommendations in the report about the principles afforded to IPSA? Is it subject to the same transparency and accountability in terms of salaries, bonuses and hours of work, so that we can see exactly what it is doing?

Adam Afriyie: We did not make any recommendations in that field; I simply observe that, given how things are worded, IPSA should be equally transparent. We ask it to tell us what it is doing, explain its logic and show its calculations so that the public can make a judgment on whether that is the right way to do things. Point taken.

I shall conclude my remarks, as I have gone on a fair bit longer than I intended. I have seen the amendment to the motion. I was a touch surprised that it should have come from a member of the Committee, given that we had not spoken about it beforehand, but I thank my hon. Friend the Member for Aberconwy (Guto Bebb) for all his work on the Committee; he made a great contribution and we reached a moderate set of proposals.

My own feeling is that we have presented the recommendations to the House, and IPSA can see them now. The Government may want to consider a few things in the medium term about these minor, non-controversial legislative changes. If the amendment to the motion is agreed to, I would not be happy about that but ultimately I would not think it was the end of the world.

I know from some of the feedback that I have had in the past few days that Front Benchers have been quite disoriented in their vehemence; I am quite surprised about some of the stories in the newspapers. I just ask Front Benchers to take the issue in a reasoned, calm fashion. Let us not be combative. They have heard my view on the amendment. Let us get on with this gently, without fear or favour, in the interests of taxpayers, transparency and making this place work. Above all, we need to ensure that we do not get a two-tier Parliament in which those with independent means enjoy an easy ride relative to those who need to claim because they cannot afford to subsidise themselves.

1.4 pm

Mr Nick Raynsford (Greenwich and Woolwich) (Lab): As almost all of us are recipients of expenses, I assume that it is appropriate to make a declaration of interest at the outset.

Michael Connarty (Linlithgow and East Falkirk) (Lab): You make a profit, do you?

Mr Raynsford: I assure my hon. Friend that I do not make a profit.

I thank the hon. Member for Windsor (Adam Afriyie) not only for his introductory remarks, which have given a good and fair outline of the Committee's report, but for all his work, not just as Chair of the Committee but prior to its establishment, in ensuring that this important issue is looked at in a clear and dispassionate way. I believe that, under his chairmanship, the Committee achieved that objective. It looked carefully, rigorously and dispassionately at the evidence and has come forward with recommendations that I believe are sound and sensible and should be taken up.

However, a few key messages need emphasising. The first is that, contrary to what has been suggested by some commentators, who have rushed into print to condemn the report, the Committee was adamant—no pun intended—in its support for the retention of independent regulation of MPs' expenses. As the surveys conducted by the National Audit Office earlier this year and the Committee itself more recently have demonstrated, there is a very wide degree of support among MPs generally for the principle of independent regulation. Some 77% of MPs who responded to the latest survey agreed that independent regulation was important for restoring public confidence.

Having said that, the way in which the independent regulator has operated the system since May 2010 has been fraught with problems. Those problems provided a huge amount of evidence to the Committee in the course of its considerations. They are all documented in the report and its annexe. The process for making claims, considering them and paying expenses has proved slow and cumbersome. Many MPs have been left substantially out of pocket because of the time lag between expenditure and reimbursement. The system is far from cost-effective. As the hon. Member for Colchester (Bob Russell) highlighted, the NAO concluded last summer that 38% of claims at that time involved processing costs higher than the amount being claimed.

The system also imposes heavy burdens on MPs' staff, thus diverting them away from their primary responsibility of looking after the interests of constituents. It also, of course, imposes burdens on MPs themselves. There is a great deal of evidence that MPs are not able to perform other functions because of the time that they have to spend on cumbersome bureaucratic processes. There is also evidence that MPs are deterred from making claims because of time-consuming and tortuous processes and the lack of clear advice from IPSA on what claims may be appropriate. There is also the fear of being subject to media and public criticism, either for claiming too much, or—paradoxically—for claiming too little; we all know of examples of minor items that Members feel would be held up to ridicule if a claim were seen to have been made for them.

Both the NAO report last summer and the Committee's report, published now, demonstrate a very high level of dissatisfaction on the part of MPs about the working of the system as currently operated—not, I stress, about the concept of independent regulation, but about the system as it is currently operating.

Sir Peter Bottomley: On dissatisfaction, I should say that the public interest is illustrated in paragraph 80, page 27, which points out that the cost of IPSA is

£6.4 million. If we allowed £400,000 for processing payroll, that would leave costs of £6 million for other expenses of £19.5 million. I cannot believe that the House would allow that to happen in any other part of the public sector.

Mr Raynsford: I was going to come to this point later, but I entirely concur with the hon. Gentleman's view that the system is cumbersome and slow, and is not cost-effective. It is costing the country a great deal more than is necessary for a safe, rigorous and transparent system for overseeing MPs' expenses claims.

Michael Connarty: On whether the system, which is costing that amount of money, is effective, IPSA cannot process a direct debit. It cannot process a BACS payment. The Scottish Parliament, when I shared an office with an MSP, used to process direct debits and send me a bill for half because we did not have the capacity to do that either in the Fees Office or in IPSA. It seems that for £6 million we get a system that does not work.

Mr Raynsford: My hon. Friend makes a telling point and countless examples have been brought to those of us who served on the Committee of ways in which the current system imposes unreasonable costs and burdens and is inefficient. Our objective as a Committee was to come forward with proposals that would be practical and sensible and could be implemented to achieve a better system of independently regulated expenses. That is the nub of what the Committee is proposing. As the report emphasises, the improvement of the process should deliver savings in expenditure because the current system costs more than is required to run an independently regulated, transparent and cost-effective system. Indeed, as the Chair of the Committee made clear, it is hard to find examples anywhere else in the world of a system where the regulator is also the payment agency—where the two roles, administration and regulation, are combined. There are unfortunately inherent inefficiencies in the way in which that is being done, which need to be addressed to create a fair but also more cost-effective system.

Therefore, it is sad, but not entirely unpredictable, that much of the media reaction to the publication of the report and today's debate is to interpret them as an attempt to turn the clock back to the bad old days. May I say openly, as an MP who has not been subject to personal criticism for his expense claims over the years, that I have no wish whatever to revert to the old system, which was open to abuse and has rightly been replaced by one of independent regulation? All MPs suffered reputational damage as a result of the exposure of the abuses that some perpetrated under the old system. The restoration of public confidence is vital and that is what should be at the forefront of our minds. That is why we must stick with a system of independent regulation, but it is also why we should not stay silent now about the failings of the administration of the existing system.

The worry is that, because MPs are naturally worried about reputational damage in a climate where some of the media have used this as an opportunity in the last day or two to raise lurid headlines of "Back to the bad old days", and "Greedy MPs want more money", genuine concerns about the inefficiencies and unsatisfactory features of the current system will not be addressed. MPs find it easier and safer not to put their heads above the parapet and risk being attacked by the media for supporting sensible recommendations that will improve the system.

Alison Seabeck: I also declare an interest. Does my right hon. Friend agree that the taxpayer will not thank us in the long term if we kick the issue into the long grass and allow the additional costs that IPSA is racking up in processing our claims to continue ad infinitum? Something does really need to be done.

Mr Raynsford: I agree wholeheartedly. We have a responsibility to speak out openly and properly about the failings of the existing system, while at the same time making clear our commitment to a framework of independently regulated expenses that guarantee transparency, probity and all the objectives that were rightly emphasised in the preparation of the 2009 legislation.

The report proposes exactly that. First, any fair-minded commentator reading the report will see that it clearly is not arguing for a return to the old discredited system of self-regulation; that is not anywhere in the report. It is utter nonsense for some media commentators to imply that that is the objective. Secondly, it is not a case of "greedy" MPs arguing for more money. As any fair-minded observer of the report will see, it focuses on ways in which savings can be made and argues that we should be operating a system that gives better value for money to the taxpayer. Indeed, as the report highlights, the criticisms have been overwhelmingly about the processes operated by IPSA, rather than the amounts of money involved. Thirdly, the report does not argue for flat-rate allowances, although it has been misrepresented as doing so. I will come back to that issue in a moment because it is controversial, but it is important to put on the record that it is not the Committee's recommendation that there should be flat-rate allowances, other than those that already exist. There are flat-rate allowances in the existing system that apply to London MPs and those living in the area around outer London.

Bob Russell: I am sure the media have not deliberately gone out of their way to misrepresent the report and thus mislead readers. Does the right hon. Gentleman think that the TaxPayers Alliance had not read the report when it made its comments? Clearly, as has been pointed out, the report would not impose an additional cost on the public purse; in fact it talks about greater efficiency and saving money for the public purse. Perhaps those at the TaxPayers Alliance are the people who are at fault and not the national media.

Mr Raynsford: I note, but I cannot say I am persuaded by, the hon. Gentleman's touching faith in the integrity and probity of journalists, not all of whose expense claims would survive the slightest degree of the scrutiny that they advocate in the case of MPs. However, I agree that there are some forces outside this place that are only too keen to rush to judgment. They do not make a proper considered appraisal of the evidence in the report, or weigh up the merits and arguments and debate those rationally, but rush into caricature and vitriolic attacks on MPs because they have an agenda, which I do not wish to elaborate on further today.

[Mr Raynsford]

The report proposes, first, separation of the regulation of the expenses system, which should remain in independent hands, from the administration, which as we have heard repeatedly and saw in the evidence submitted to the Committee, could be handled in a far more cost-effective way. The report does not propose a return to the Fees Office but it does suggest having a cost-effective administrative body appointed to run the process of handling claims and making payments, subject to the independent regulator's overall remit. That kind of structure applies almost universally in comparable organisations. It does not require a return to administration in this House. It could be done entirely independently. The case for separating the regulatory function from the administrative function was made forcefully by a large number of extremely experienced people who gave evidence to our Committee, many of whom said that the present arrangement was indefensible and not cost-effective.

Secondly, the report recommends the extension of direct payments to cut down on bureaucracy and costs without any risk of MPs gaining a financial advantage. That must be common sense. The report also proposes more extensive central procurement of equipment and supplies to save public money—again, a recommendation that should command widespread support. It proposes the annual publication of claims, backed up by receipts that have been redacted to remove personal details. That of course goes far further than the current system, which does not involve the publication of receipts, so the suggestion that we are trying to get away from transparency in making that recommendation is curious.

The framework proposed in the report would be more transparent than the current arrangements. At the same time, it would reduce the scope for potentially misleading indications of MPs' expenses, which is the product of bi-monthly publication. That can result in some MPs who have particular surges, peaks or troughs in expenditure looking as though, in any one set of published figures, they are spending much more than their neighbours. Therefore, a simple, more accurate and fully transparent annualised publication system, together with a move towards real-time publication, as is proposed, must make sense.

The report recommends strongly the clear separation of expenses, which are items such as travel, subsistence and accommodation costs, from office expenditure. The hon. Member for Colchester (Bob Russell) and many others have made the point that such expenditure, bizarrely and uniquely to Members of Parliament, is treated as an expense. Where else would the costs necessary to carry out one's job, such as for one's desk, staff, office supplies, printers and so forth, be treated as an expense? Those are not, in normal parlance, an expense, but necessary costs of carrying out our functions. They should be identified separately so that we no longer see the highly misleading figures that are produced by some journalists to imply that MPs benefit from expenses of £120,000 a year, when that is a reflection of the costs of running their office and of their staffing. Those costs should not be subsumed by, or confused with, expenses.

Mr Winnick: Like the hon. Member for Colchester (Bob Russell), I intervened when the Chair of the Select Committee was speaking. What is IPSA's response to that point? Does it accept that it is farcical to describe staff salaries and office accommodation as expenses?

Mr Raynsford: If my hon. Friend reads the transcripts of the evidence, he will see that the Committee took evidence from Sir Ian Kennedy in two sessions. He will have to draw his own conclusions from the views set forward by Sir Ian Kennedy. I have to say that we did not feel that there was a meeting of minds that would suggest the likelihood of a smooth and easy transition from the current arrangements to ones that would work properly and effectively, and in a way that guaranteed the public confidence in Parliament that we all want to see.

The report recommends the establishment of a liaison group between IPSA and representatives of MPs' staff. I found it extraordinary that no such group exists, but that probably explains why IPSA, in some of its evidence to us and in some of its responses to MPs, appears to be surprisingly ignorant of the practical implications for the staff in this place of operating the systems that it has set up. The establishment of a liaison framework between IPSA and MPs' staff, who do the bulk of the work in making claims and processing applications, is surely commonsensical and ought to be done.

I cannot see how the many pragmatic and sensible reform proposals in the report merit the intemperate language that has been heaped on them by some media commentators. However, let me in conclusion focus on two recommendations that might appear to be more controversial. The first is the proposal to amend the legislation to make it clear that the independent regulator should, in line with the recommendation of the Committee on Standards in Public Life,

"support MPs efficiently, cost-effectively and transparently in carrying out their parliamentary functions".

The way in which that recommendation was transposed into legislation allowed a loss of clarity.

Adam Afriyie: It struck us in the evidence sessions that even the chairman of IPSA acknowledged that he did not quite have the mandate to justify supporting MPs in the way that he wanted, because the legislation says that he must "have regard to" the principle of supporting MPs cost-effectively and efficiently, rather than it being a primary duty. It is clear from all the observations and evidence that there can be no other primary duty for such a body than to support MPs cost-effectively and efficiently in doing the duties that their constituents expect.

Mr Raynsford: I agree very much with the hon. Gentleman. It is clear from the evidence that there is a lack of clarity in the legislation, and that needs to be resolved. It cannot be satisfactory for the chairman of IPSA to talk in fairly broad terms about balancing a number of different considerations, some of which are in legislation and some of which are not. That gives no clarity about what the role and responsibility of the independent regulator should be.

There is a persuasive case for making this change. This is not MPs arguing for support, which some journalists have interpreted it to be. It is not us saying that we need customer care, as has been suggested. This is about clarity in the role of IPSA and in the balance that needs to be struck in its work between ensuring that MPs have the support necessary to carry out their functions properly, in a cost-effective and transparent way, and ensuring that all the other objectives that we want are satisfied.

The lack of clarity needs to go. The arguments are set out very persuasively in paragraphs 8 to 13 of the report, and I commend them to right hon. and hon. Members.

The second recommendation that might be seen as controversial is in respect of flat-rate allowances. The first thing that I should say is that it is sometimes ignored that there are existing flat-rate allowances. As a London Member, I obviously receive one such allowance. Members from outer London and the immediate surrounding areas are also eligible for an additional allowance. Those elements exist at the moment.

It was put to the Committee that there might be a case for extending that principle of allowances to cut out much of the considerable cost involved in checking and processing individual claims for travel and accommodation costs. I can see an argument for that, but I am not wholly persuaded that it should be done. I do believe, and I think that the Committee believes, that it is right for the idea to be evaluated independently. That is why the recommendation in the report states clearly that there should be an independent evaluation of it.

Cathy Jamieson: Like my right hon. Friend and as a member of the Committee, I was not persuaded that we should move to that system. However, does he agree that if it is not evaluated and analysed independently, we will continue to have these arguments and the debate will continue in the media? We therefore need to consider it in more detail.

Mr Raynsford: My hon. Friend makes a very persuasive point. I hope that all Members, including those who are nervous about possible media criticism of any steps that we take in this matter, accept that there is a world of difference between a recommendation to introduce such a fairly fundamental change to the way in which expenses are paid and a recommendation that the likely costs, benefits and adverse consequences of it should be evaluated independently. That is the nub of the Committee's recommendation.

I accept entirely the point made by the hon. Member for Windsor that there might be ambivalence about the recommendation that the House should have an opportunity to debate this matter. The point has been made forcefully that whatever the House decides, it will be for IPSA, ultimately, to determine whether any such recommendations should be supported. That, to my mind, means that the motion is acceptable. I would prefer it to the amendment, which has the whiff of the long grass about it. I am only sorry that a member of the Committee who signed up to the report as written and as presented to the House has moved an amendment that goes in a slightly different direction. I believe that the report stands. I accept entirely the ambiguity in the role of the decision by the House. I support very much the hon. Member for Windsor in his view that the House should consider the recommendation, but that ultimately it will be for IPSA to determine whether it should be applied as the basis for an expenses scheme.

In conclusion, I believe that this is a sensible, pragmatic and important report that deserves serious consideration. It should not either proceed to the long grass or continue to be the subject of vilification from certain quarters where it is seen as simply a rerun of the debates of two or three years ago, when completely unacceptable malpractice under the old system was exposed. That has passed, and we are in a different era. The principle of independent regulation is accepted and the new system is in place. It is not working as well as it should, for reasons that have been outlined, and it is right that we should be serious about finding ways of improving it. We need to ensure that we have a system for MPs to be able to carry out their functions, responsibilities and duties in a proper way and to be reimbursed for expenditure that they have of necessity to incur to perform those duties.

1.30 pm

Guto Bebb (Aberconwy) (Con): I beg to move amendment (a), to leave out from "House" to end and add

"thanks the Members' Expenses Committee for its First Report on the Operation of the Parliamentary Standards Act 2009, HC 1484; and refers it to IPSA to be considered as part of its Annual Review.".

It is not often that I rise in the House as the villain of the piece, and that was certainly not my intention. If I have in any way shown a lack of courtesy towards my Committee Chairman, I want to apologise in front of the House. There is not another Member who is more courteous to other Members, and his chairmanship of the Members' Expenses Committee was a model of courtesy. I apologise if my e-mail of this morning was slightly too late in arriving at his desk.

I want to make it clear that I signed up to the report and support it, and that I have been astounded by the vilification in the press of the modest proposals made in it. However, it is important to point out that there are recommendations in it that need to be taken seriously and taken forward. During the course of yesterday, it became increasingly apparent that there was a real likelihood that a vote would be called on today's motion, and that it might be defeated.

Bob Russell: Would my hon. Friend like to inform the House whence that information came?

Guto Bebb: I am grateful. It came from various colleagues, and indeed from some Parliamentary Private Secretaries, who despite the fact that there is a one-line Whip are staying around today. That might indicate why I had my concerns.

The report is an important piece of work and contains proposals to better the situation. Crucially, and in contrast with the media comments on it, a large part of the Committee's work examined not the unfairness of IPSA towards Members—we have spoken at length about that in the Chamber—but how it has discriminated against our staff. That issue has been ignored time and time again when we have discussed how IPSA operates. It has created real barriers to promotion for staff members, and they have found themselves worse off for child care. There are serious proposals on that in the report, which IPSA should take into account.

It is frankly astounding that IPSA has not formally spoken to any organisation responsible for our members of staff. There are recommendations in the report that it should be allowed to think carefully about and take forward. I would not want to end up with the report being rejected by the House, allowing IPSA to ignore its responsibility to consider those recommendations seriously.

[Guto Bebb]

Before becoming a Member of the House, I ran a small business for 17 years, so I believe in a pragmatic approach to what can be done. There are 19 recommendations in the report, and I stand by them, although I would say that we need to explain recommendation 3 in detail. I take full responsibility for the wording of it, because I was a member of the Committee, but it has allowed the media to attack us on the basis that we want to bring the expenses system back in-house. A Committee of Members came up with that wording, and I am as responsible as anybody else.

We need to consider carefully whether the administration and governance of the system can be split, and whether better value for money can be achieved by allowing IPSA to subcontract the work of administering it. The media's conclusion from looking carefully at the wording of recommendation 3 has been unfortunate—I do not believe the conclusion that has been drawn was the intention behind the report. As my hon. Friend the Member for Windsor (Adam Afriyie) and the right hon. Member for Greenwich and Woolwich (Mr Raynsford) have made perfectly clear, that was not the report's purpose. If there were transcripts of our discussions in Committee, they would make that apparent.

Adam Afriyie: I respect the work that my hon. Friend has done with the Committee. I have already pointed out my slight frustration and disappointment with the fact that we have not spoken—there would have been other ways of achieving his goal, but his actions ruled them out.

I simply observe that the report is not a legal document. It is not a Bill or a piece of legislation but a general set of recommendations for small changes to legislation that are not that controversial. The absolute precision of the wording—one word here or there—does not make any difference. The report does not commit anybody to doing anything with such precision.

Guto Bebb: I am grateful to my hon. Friend and accept his comments, but that has not been my argument. My argument is that Members need to have a great deal of confidence in IPSA to believe that it would not see a rejection of the report by the House as an excuse not to take its recommendations seriously.

Mr Andrew Smith: To clarify what the hon. Gentleman's amendment means, is not the crucial difference that the original motion would have the House approving the recommendations in the report, whereas agreeing to the amendment would mean that the House was not approving them but simply passing them to IPSA for consideration? I might be able to live with the amendment, but I would not have been able to vote for the motion; indeed, I would have voted against it.

Guto Bebb: I am grateful for the intervention and delighted that the amendment will make it easier for Members to ensure that IPSA examines the issues in the report. I joined the Committee with a great deal of reservation, because as a newly elected Member the last thing I wanted was to be vilified as being part of an attempt to make MPs' lives easier.

Mr Bone: I entirely understand the position of the right hon. Member for Oxford East (Mr Smith), but I really do not understand that of my hon. Friend the Member for Aberconwy (Guto Bebb). He voted for the report in December and supported it, so how can he move an amendment that would prevent the House from voting on it? It is very bizarre.

Guto Bebb: I have attempted to explain my reasoning. I believe that there are several recommendations in the report that should be taken forward, but I have clearly stated my concern and suspicion that if the House divided on the motion, the report would be rejected. That would be a great shame.

Bob Russell: Pursuant to my previous point and the one made by the hon. Member for Wellingborough (Mr Bone), I am not sure whether the Committee had 12 members, but of the Members who were prevailed upon to sign the amendment, only one is in the Chamber. Can my hon. Friend the Member for Aberconwy (Guto Bebb) tell me who leaned on him to table the amendment? He had sufficient time to find people to sign the amendment, but no time to discuss it with the Chair of his Committee, which produced a report that he had previously approved.

Guto Bebb: I enjoy the hon. Gentleman's contributions, but I think I have already responded to that point fairly clearly. I refer him to my earlier answer.

Mr Bone: My hon. Friend is being exceptionally generous in giving way. Will he tell the House when the wording of the amendment came into his mind? It is great that Back Benchers are moving amendments, but did he have a little help? Did anybody perhaps give him a draft of the amendment?

Guto Bebb: Again, I am very grateful to my hon. Friend. In reality, when Members table amendments they do so in their own name and stand by them, so the implication of his comments does him a disservice.

I shall refrain from speaking about the report in general, because I agree with the comments that my hon. Friend the Member for Windsor and the right hon. Member for Greenwich and Woolwich made. There is a lot to be commended in it, and it contains 19 recommendations that can stand up to scrutiny, but it appears that three of them create a problem. I would rather IPSA considered them, and implemented 15 or 16 of them for the next financial year, than not consider them at all. That implementation would make a difference not just to Members but to our staff. More importantly, it would create more transparency and better value for money, and it would result in our constituents looking upon the House with more confidence. We would once again have proved that we are not looking to feather our own beds or change the situation in our interests. We are looking to change the situation in a way that is practical, effective and deliverable. In my view, delivering some of the recommendations soon is better than taking the view that we have to ensure that all of them are delivered now.

1.39 pm

The Parliamentary Secretary, Cabinet Office (Mr Mark Harper): I am grateful to be called at this stage of the debate, but it is worth saying at the start that because the report was published only on Monday, the Government have not had the opportunity formally to respond to the

Committee and to set out our views. I thought it would be helpful for the debate and the House if I were able to do so at a relatively early stage of the debate.

My hon. Friend the Member for Windsor (Adam Afriyie) referred to the press coverage, but I can assure him that the Government are not responsible for that. We have said publicly that most of the recommendations of his report relate to the expenses scheme, and are therefore for IPSA to consider, and suggested that it might want to do so as part of its annual review. We have said that we will look carefully at the section of the report that is directed at the Government, that we are totally committed to an independent and transparent expenses system, and that we could not accept any recommendations that would be incompatible with that. I leave Members to judge, but I do not consider that to be particularly harsh. It is a perfectly calm and balanced response to the report.

Bob Russell: Will the Minister give way?

Mr Harper: May I make a little progress, because I need to set out the Government's concerns about the report? *[Interruption.]* I will come to that.

The problem is that the motion asks the House—I will come to the amendment in a minute—to approve all the recommendations in the report. It is perfectly true that the Committee's report in itself has no effect, but Parliament and the House of Commons are being asked to approve every single recommendation. It is therefore necessary to look at what they are and at whether they are acceptable.

It would have been more helpful if the Government had had a little more time, but the motion was tabled for debate today. Between noon on Monday and today, we have had to study the report and the recommendations that are directed at the Government. Because I need to be able to set out our position to the House, we have had to take a view on them, and I will do so.

Bob Russell: I thank my hon. Friend for giving way. He is a Minister for whom I have the utmost respect, and I would hate his future prospects to be diminished in the eyes of the House if he aligned himself with the amendment. Does he agree that what he has just said sounds remarkably like the wording of the amendment? Is that a coincidence, or was some pressure brought to bear on the hon. Member for Aberconwy (Guto Bebb), who moved the amendment?

Mr Harper: I have not commented on the amendment yet. It is a fact that most of the report's recommendations are for IPSA to consider. One or two are for the Government to consider, and I shall set out our view on them because the House has been asked to take a view.

It is probably appropriate at this point to thank my hon. Friend the Member for Windsor. Not only has he chaired the Committee very well, but he has taken a great deal of interest in this issue since the debate earlier this year and the House's decision to set up the Committee and give it the mandate that it has. I also thank all members of the Committee, some of whom are present, for their work. They have carried out a great deal of research, taken a great deal of evidence and put a great deal of work into their conclusions.

The Government are unable to support the motion. It is helpful for the House that my hon. Friend the Member for Aberconwy (Guto Bebb) has moved the amendment, because I fear that otherwise, I would have urged my hon. Friends, and indeed every Member of the House, to vote down the motion, because there are flaws in some of the recommendations and it would not have been appropriate. The amendment enables the report to go to IPSA for its consideration. Indeed, IPSA has said that it is very pleased to consider the report as part of its annual review.

Cathy Jamieson: Before the Minister moves on, will the Minister explain to the House exactly which recommendations he feels are flawed and why?

Mr Harper: I will. In summary, the recommendations that trespass on IPSA's independence are recommendations 2, 3, and 17(c). It is worth drawing the House's attention to one other thing. My hon. Friend the Member for Windsor and the right hon. Member for Greenwich and Woolwich (Mr Raynsford) made it clear that they did not in any way want to trespass on IPSA's independence, but however frustrating we find an independent regulator, we cannot give it instructions—

Adam Afriyie: Will the Minister give way?

Mr Harper: Hang on. Let me finish this point and I will give way. Paragraph 204 of the report acknowledges that some of the Committee's "recommendations require legislative changes" but also states that other recommendations do not require legislation

"but could be brought about in that way if IPSA does not act."

The report also says that the Committee believes that legislation should be introduced to implement its recommendations if

"IPSA's Board has not implemented"

them.

Adam Afriyie: Will the Minister give way?

Mr Harper: I have said that I will take my hon. Friend's intervention if I am allowed to finish my point.

We cannot have an independent regulator and expenses system, and then say that if it does not follow the views and advice that we give it, we will legislate to implement them. Those things are not compatible. In paragraph 205 of the report, the Committee states:

"We urge the Government and Parliament to have the courage to reform the system of payments...by implementing our recommendations."

From the way I read that—I am happy to be put straight by hon. Members—it seems that there is a conflict between the recommendations in the report and an independent system. It says to IPSA, "If you don't do them, we will legislate to do them anyway," which trespasses on the independent system.

Adam Afriyie: I shall be polite in this intervention, but frankly, my hon. Friend has had to work very hard to find a tiny little thing to object to, but it does not say what he is suggesting. Nowhere in the report does it say that we should not have independent regulation and nobody is saying that—the first recommendation is that independent regulation should be reinforced.

[Adam Afriyie]

Paragraph 204 merely states the obvious. In a parliamentary democracy, Parliament ultimately has the power to do anything. It does not recommend that the Government make legislation. Only recommendations 2 and 3 recommend change. Paragraph 204 is not a recommendation but an observational statement. The Minister could dig out a sentence from any report to try to make a point that simply is not there.

Mr Harper: I want time to set out our recommendations, but the report states:

"Some of our recommendations require legislative changes; others are not dependent on legislation, but could be brought about in that way if IPSA does not act."

If the Committee had stopped there, my hon. Friend's point would have had some force, but it did not. The report goes on to say:

"We believe that step should be taken"—

meaning that legislation should be introduced—if IPSA

"has not implemented the recommendations of this report by 1 April 2012."

Mr Andrew Smith: I strongly support the line of argument that the Minister is advancing. Quite apart from the unacceptable proposals within the recommendations—the hon. Member for Windsor (Adam Afriyie) tries to belittle them, but they are there, they mean what they say, and the House is being invited to approve them—is it not crucial that this House does not give the impression that it is seeking to use its legislative power to lean on IPSA? That would be wrong, and we must make that clear.

Mr Harper: I welcome the right hon. Gentleman's point, which is an important one.

The House set up a proper way in which to express its views when it legislated to create IPSA—statutory consultees include Members. IPSA also has an annual review, as the amendment makes clear. The proper thing to do is to state our views through that. IPSA has published a document in which it acknowledges quite a number of the concerns that Members have raised today and in the report, including, for example, those on staffing. IPSA has made dealing with staffing one of its focuses. It seems to me that Members need to respond to IPSA. The consultation stage is open until 20 January. I urge every Member of the House who has a concern about how the system works to take full advantage of that opportunity and to feed their views back to IPSA.

Mr Tom Harris (Glasgow South) (Lab): I am not following the Minister's argument. Is he saying that the 2009 Act, alone among every Act over the past 100 years, is the one piece of legislation that is so perfectly crafted that it will never require any amendment ever again? Unlike any Criminal Justice Bill or any other Bill that has been introduced by the previous Government, this particular Act is sacrosanct. It has been set in stone and must never, ever be considered for amendment. Is that really the Government's position?

Mr Harper: No, it is not the Government's position and it is not what I said. If we were simply transmitting this report to IPSA, I would have no problem with it; the report has a number of sensible recommendations. However, if we were considering the motion, which asks this House to approve every single one of the recommendations in this report, I would have a problem and I would be urging members of the House to vote against it. What this says is that if IPSA has not implemented all the recommendations, the Committee thinks that legislation should be brought in to implement them. I am simply saying that that is not appropriate if we are going to have independent regulation.

Bob Russell *rose—*

Adam Afriyie *rose—*

Mr Harper: I will take one more intervention on this before moving on. I will therefore take it from the Chairman of the Committee.

Adam Afriyie: I am sorry to disappoint the hon. Member for Colchester (Bob Russell). The point is that this is not a recommendation of this report. It is merely an observation that members of the Committee have made. If the Minister goes through the 200 or 300 pages of the report, he will find plenty of other observations that people have made. This is not a recommendation, so the Minister is working a little bit too hard on an argument that does not really exist.

Mr Harper: It is one of the conclusions of the report. I will now move on to the three recommendations. Most of the recommendations in the report are for IPSA to consider. As Members on both sides of the House have said, many of the recommendations are very sensible and I hope that IPSA looks at them and takes them into account. In response to the report, IPSA has said that in some areas, it and the Members' Expenses Committee are in agreement. Indeed, it has already introduced some of the suggestions that the Committee has made. IPSA has gone on to say, and has confirmed, that it will consider the recommendations of the Committee as it carries out its annual review of the scheme, which is very welcome.

Bob Russell: Is the Minister saying that IPSA has already responded to the report?

Mr Harper: Yes, IPSA put out a press notice, which is on its website for everyone to see. It has confirmed—*[Interruption.]* Will the hon. Gentleman let me answer his first intervention? IPSA has confirmed publicly that it will look at this report and consider the recommendations of the Committee. Indeed, it has said that it is in agreement with the Committee in a number of areas, which is a constructive response. It has learned from some of its previous responses, and is indicating that it wants to work with Members. It recognises that there are issues with the way in which the scheme works and it wants to improve it.

Bob Russell: I understood the Minister to say that the Government had not had time to consider this report, yet IPSA has had time to consider it.

Mr Harper: No, IPSA has not considered the report. IPSA has said that it will consider the Committee's recommendations, as it considers the annual review of

the scheme. As I have said, the Government have had to consider the report because the House is being invited today to decide whether to approve it. I simply said at the beginning of my remarks that the Government would have welcomed having had more than three days in which to do so, and that would have done justice to the report. Many Members said that they wanted a careful and thoughtful review, so I am gently suggesting that giving the Government three days was perhaps not entirely helpful in achieving that objective.

The Government's interest in IPSA concerns equipping it with its statutory framework. IPSA is accountable to the House and the Speaker's Committee, which was set up under the Parliamentary Standards Act 2009. The Government are primarily concerned about recommendations 2 and 3, which are for the Government. I will say something about recommendation 17, which deals with the decision that the House would be invited to take.

Recommendation 2—the right hon. Member for Greenwich and Woolwich addressed this point—states:

"The Act should be amended in accordance with the Committee on Standards in Public Life's recommendation to provide that IPSA's primary duty is 'to support MPs efficiently, cost-effectively and transparently in carrying out their parliamentary functions.' It would continue to be IPSA's role to determine what assistance for MPs was necessary."

It seems that there are two schools of thought about what that recommendation means. It is either a modest change that is meant to correct the emphasis of the legislation—

Mr Raynsford *indicated assent.*

Mr Harper: I see the right hon. Gentleman nodding to that. Or it is a substantial change that would alter significantly the way in which IPSA functions.

If it is a modest change, it is unnecessary and would have no practical implication. Hon. Members will be aware that one amendment made to the Parliamentary Standards Act 2009 by the Constitutional Reform and Governance Act 2010 was the insertion of section 3A. That section sets out the general duties of IPSA, which are twofold. One is that IPSA must, in carrying out its functions, have regard to the principle that it should act in a way that is efficient, cost-effective and transparent, when it is running its systems and setting them up. The second duty is that in carrying out its functions, IPSA must have regard to the principle that Members of the House of Commons should be supported in carrying out their parliamentary functions efficiently, cost-effectively and transparently. Although the duty to have regard to the principle that we should be supported to do our jobs comes second in order, it is none the less just as much a legal duty as the first; it is not an optional extra that IPSA can put to one side. That is why the change of emphasis would be unnecessary and would simply have no practical effect in how it operates.

Mr Raynsford: Does the Minister accept the point that is articulated in paragraphs 8 to 13 of the report? There is ambiguity, which was reflected in Sir Ian Kennedy's response in trying to define the primary principles that should guide IPSA. That lack of clarity is not helpful. There is a need for a change. I am talking not about fundamental changes in the principles, but about a clarification, so that there is no longer any ambiguity.

Mr Harper: That was a helpful intervention. Let me pick it up as I move on to my second thought on this matter. If recommendation 2 is going to make a significant difference, and is not a modest change, it is misplaced. IPSA has a number of objectives that must be balanced. The Committee recognises that itself. Paragraph 97 of the report states:

"Restoring public confidence in MPs and Parliament was the fundamental purpose of the 2009 Act and the establishment of IPSA. It was so basic that it did not need to be explicitly referred to in the legislation."

It is quite clear that IPSA has a number of things that it is trying to achieve. Yes, it wants to support Members of Parliament to do their jobs efficiently, cost-effectively and transparently. Indeed, it has a legal duty to do so. It is also interested in both restoring—there is some evidence that there has been progress in that direction—and maintaining public confidence in MPs—*[Interruption.]* A comment has been made from a sedentary position. I am not going to repeat it for the benefit of the House. I am afraid that I am simply reading out what the Committee said in its report. Let me repeat paragraph 97 for the hon. Member for Colchester (Bob Russell):

"'Restoring public confidence in MPs and Parliament was the fundamental purpose of the 2009 Act and the establishment of IPSA. It was so basic that it did not need to be explicitly referred to in the legislation."

Those are not my words—

Alison Seabeck *rose—*

Mr Harper: Let me just finish what I am saying. These are not my words; they are the words of the Committee.

Bob Russell *rose—*

Mr Harper: Given that the hon. Gentleman's previous remark was uncalled for, I will not give way to him any further on this particular issue. I will give way to the Chairman of the Committee.

Adam Afriyie: What is clear from the statement in the report, and clear overall, is that the purpose of creating the legislation was to improve the public standing of Parliament, but the primary duty of the body administering and regulating must be to support. The CSPL said that there cannot be any other primary purpose than to support Members in performing their functions. The Minister is slightly confusing the two issues—one is the purpose of creating legislation and the other is a primary duty provided to IPSA, rather than a statement that it must have regard to something, which it may or may not decide that it wishes to.

Mr Harper: I do not think that the two are mutually exclusive. Indeed, I would argue that if Members are to be able to carry out their parliamentary functions efficiently, there must be public confidence in them. If the public lose confidence in us and in this institution, we shall be in deep trouble.

Alison Seabeck: The Minister is making an important point, but it is slightly at odds with his suggestion at the beginning of his speech that we were becoming frustrated with IPSA's status as an independent body. I do not think that we find independent scrutiny at all frustrating. Will the Minister correct his earlier statement? It was a bit misleading and, as I have said, it is contradicted by what he is saying now.

Mr Harper: The Committee has done an excellent job in putting together what I acknowledge to be some very good recommendations, and I hope that the House will send those recommendations to IPSA. IPSA has said that it will look at them, and that is absolutely fine. However, we must accept that, if IPSA is indeed independent, and if it considers those recommendations and decides not to implement them, we must live with its decision. It seems to me that if we say, as the report says in paragraph 204, that if it does not implement them by next April we will pass primary legislation to make it do so, we shall no longer have an independent regulator for our expenses system. I think that I speak not just for the Government but for most Members when I say that we cannot start telling IPSA what to do.

Mr Raynsford: I thank the Minister for giving way again. He is being very generous. May I return him to the question that I asked earlier about the lack of clarity? When giving evidence to the Committee, Sir Ian Kennedy was asked to define the basic principles that guided IPSA. He was reminded that some were contained in legislation, and that some nine or 10 others were listed in a document that he had submitted. He gave us the slightly odd response that all of them were fundamental, which—as I pointed out to him—implied a lack of clarity in regard to what really were the fundamental principles. Will the Minister please accept that, given that the recommendation of the Committee on Standards in Public Life was not transcribed into legislation in precisely those terms, there is genuine uncertainty about what should be IPSA's dominant objectives?

Mr Harper: I hear what the right hon. Gentleman says, but I have made it clear that IPSA has a legal duty to carry out its work and to ensure that we are "efficiently, cost-effectively and transparently" supported in the carrying out of our functions. However, IPSA must balance that duty with a range of other duties, one of which is restoring and maintaining public confidence. It will not be possible for it to have a sole objective.

Mr Andrew Smith: In common-sense terms, does it not come down to the question of whether IPSA is seen as working for us—which should not be the case—or as working for the British public? Yes, it has a responsibility to ensure that we do our job in an accountable and transparent way and so forth, but ultimately, if public confidence is to be restored, it must be seen to be working for the public and not for Members of Parliament.

Mr Harper: The right hon. Gentleman has put it very well. I cannot really add anything to what he has said.

A number of Members talked about costs and how efficiently IPSA did its job. I should emphasise that IPSA itself has a legal duty to be efficient and cost-effective. The National Audit Office's report, which has been mentioned by a number of Members, noted that IPSA had significantly reduced its cost per claim, observing:

"This is impressive by the end of its first year of operation".

The report went on to say, however, that

"IPSA is dealing with a much higher number of claims"

than were made in other UK legislatures in the UK,

"and should therefore be able to be the most efficient in the future."

Given that, as I said, IPSA itself has a legal duty to be efficient and cost-effective, I think that it will be mindful of the thorough work done by the National Audit Office and the important recommendations that it has made.

I shall read out recommendation 3 so that Members can be clear about what it says:

"IPSA's current administrative role should be carried out by a separate body, so that IPSA is not regulating itself, and the Act should be amended to permit this. The best arrangement would be for that separate body to be within the House of Commons Service, both because such a body would avoid imposing undue burdens on MPs and because it would benefit from the economies of scale of being part of a larger organisation in areas such as human resources and IT. Independent regulation by IPSA and transparency would ensure that it did not replicate the deficiencies of the old expenses system."

I entirely accept that the Committee's intention is not—here I paraphrase a media report—to go back to the old Fees Office, but it did not exactly go out of its way to make it difficult for the media to draw that conclusion, and I think it would be difficult for the House to agree to a recommendation that contains such a reference.

Another point requires clarification. IPSA's administrative role falls into two categories: deciding whether claims should be allowed—what is called in the legislation "determining" claims—and paying those allowed claims. IPSA already has the power to contract out the payment of those claims, which is set out explicitly in the legislation. It can also contract out the payment of our salaries and the administration of our pensions, now that it is responsible for those. Under the legislation, however, it must retain direct control of the scheme for our expenses and decisions on the claims.

I believe that the deciding of claims should remain with IPSA, and the best way of explaining why I believe that is to quote paragraph 74 of the report, which quotes the Committee on Standards in Public Life:

"The CSPL noted in 2009 that both the Scottish Parliament and the National Assembly for Wales"—

the way in which the Scottish Parliament carried out its work was referred to in our debate in May, and has also been touched on today—

"had felt able to retain self-regulation by adding safeguards, but noted that 'the difference is that neither ... has suffered a crisis of trust remotely comparable to that which has affected Westminster.'"

I think that, for that reason, the determination of our claims should remain with IPSA. The payment can already be contracted out if IPSA considers that to be more cost-effective and sensible. Other Members have said that we should not return to the old Fees Office approach, and I accept that the Committee did not mean to suggest that we should, although some may have interpreted its observations in that way.

Words mean what they say, and we must judge them on that basis. The House is being asked to approve these words in paragraph 17(c):

"In not more than six months' time, the House should have the opportunity to consider the merits of the cost-benefit analysis and evaluation"—

as proposed in recommendation 17(b)—

"and to make a decision on whether there should or should not be a system of regional supplements instead of the existing travel and accommodation provisions."

My hon. Friend the Member for Windsor said that what was meant was that the House should simply express a view—nothing stronger than that—but I am afraid that that is not what the report says. The right hon. Member for Oxford East (Mr Smith) spotted that point and drew it to the attention of the House, and I think that it raises a fundamental issue.

Adam Afriyie: I understand my hon. Friend's point, but both I and other members of the Committee have made it absolutely clear that nothing in that recommendation suggests that IPSA would be bound by it. He will know that earlier in the week when we were discussing these matters, I tried to table an amendment to change the motion to make that clear, but it was firmly turned down. I can only suspect that the aim is to engineer a difference. Furthermore, primary legislation would be required to enable this place to force IPSA to do anything, and that is not what the recommendation suggests. I realise that the Minister will persist in his noble attempt to make this a bigger point than it is, and I respect that, but I think that we need to be clear about it.

Mr Harper: I know that my hon. Friend has set out clearly what he intended by the report, but his motion asks the House to approve the words in the recommendation, and those words mean what they mean—they ask the House "to make a decision". Although he said that only primary legislation could bind the House, his Committee wrote, in paragraph 204, that if IPSA did not implement the recommendations, primary legislation should be used. The Committee has set out its view clearly. It might not have meant to say that, but it did say it.

Adam Afriyie: I will leave the Minister alone from hereon in because the point has been well made. Let us be clear: in paragraph 204 the Committee merely states, "We believe". It is not a recommendation. He is working hard and doing a good job at creating the sense that this is legislation that is going through when it clearly is not. I commend him on his efforts, therefore, but the House should be clear on that point.

Mr Harper: I am happy to agree with my hon. Friend that we have explained the matter enough to the House. I have set out my view of what the Committee report states, and he has set out his. The House will be asked shortly to take a view on that, and I am happy for it to do so.

The creation of IPSA was an essential step in cleaning up politics by bringing to an end the discredited system of self-regulation. IPSA has handled expenses for some time now, and the House recently resolved to commence IPSA's powers to determine our pay and pensions. Those powers had been on the statute book since the previous Parliament, and my right hon. Friend the Leader of the House commenced those powers after consulting Members from across the House. I mention that because the Leader of the House said, in moving that motion, that under the relevant legislation MPs would not vote on their pay again, and his opposite number, the hon. Member for Wallasey (Ms Eagle), confirmed that the principle of independent determination was right. During those debates, several Members on both sides of the House were very firm in their view that the House should never again vote on our pay, pensions or expenses, and I think that recommendation 17(c) is incompatible with that, which is why the Government cannot accept it.

Mr Tom Harris: I apologise to the Minister for intervening now, but it took me some time to find the reference to his previous point about recommendation 17(c). He seems to be saying that he opposes the recommendation because it advocates a particular allowance system in six months. Actually, he seems to oppose it because it recommends that in six months

"the House should have the opportunity to consider the merits"

of the recommendation

"and to make a decision".

Surely he is not saying that the House should be denied an opportunity to consider whether this is acceptable. *[Interruption.]*

Madam Deputy Speaker (Dawn Primarolo): Order. A lot of private conversations are going on in the Chamber. It is very distracting, particularly for those who wish to take part in the debate. If people want to have private discussions, perhaps they should leave the Chamber, so that the Minister can be heard.

Mr Harper: I am grateful to you, Madam Deputy Speaker.

If the recommendation simply stated that the House should have a general chat about the proposals, that would be one thing, but it specifically states that the House should be asked to make a decision on whether to change the system of allowances. If we have an independent system, we can write to IPSA asking for something different—for example, a different system of payments or a cost-benefit analysis. That is one thing. We could make those recommendations to IPSA, which could then consider them and, as an independent body, make a decision. If we decide, however, that the House can decide to change the system of allowances, we do not have an independent system any more. Members cannot have it both ways. I listened to the previous debates, and Members on both sides made it clear that we did not want to vote on our pay, pension or expenses. That is where we want to be and it is where we want to stay.

I shall conclude my remarks so that others can speak. *[Interruption.]* I have been generous and taken many interventions. The Government believe that recommendations 2, 3 and 17(c) are unacceptable. I therefore urge the House to support the amendment tabled by my hon. Friend the Member for Aberconwy, but if it does not, I urge it to vote against the motion tabled by my hon. Friend the Member for Windsor.

2.15 pm

Mr Wayne David (Caerphilly) (Lab): Many of us remember only too well the collective trauma experienced by the House during the previous Parliament over expenses. It is worth remembering that the then Prime Minister,

[Mr Wayne David]

my right hon. Friend the Member for Kirkcaldy and Cowdenbeath (Mr Brown), had support from both sides of the House when he introduced plans for an external and independent body to have responsibility for Members' allowances. It was rightly seen that a system of self-regulation had been thoroughly discredited and that a fundamentally different approach was required—one that could command public confidence and one that meant establishing a body that was truly independent of Parliament. That body was the Independent Parliamentary Standards Authority.

Today, the Opposition still strongly support that approach and are firmly behind the principles that underlie IPSA's operation, but it is fair to say that because Parliament moved swiftly to address the wholly understandable public concerns about the House's expenses regime, after IPSA was established there were a number of shortcomings in the administration of the new system. I am encouraged that IPSA has listened and that significant improvements have been made and are still being made. For instance, the system for the submission of duplicate documents relating to Members' accommodation has been simplified and Members' mileage claims are now much more straightforward. These are just two examples of how things have gradually improved over the past 12 months.

That is not to say that the process of improvement should come to an end. On the contrary, we need to consider carefully two reports that highlight the fact that ISPA can and should make further improvements. The first report is that from the National Audit Office, published in July. It suggested that IPSA ought to consider a number of points. For example, it stated that IPSA needed to consider how it could improve relations with MPs and provide reassurance that it was truly committed to doing all it could to facilitate our work as MPs. Similarly, it suggested that IPSA ought to consider the introduction of centralised procurement contracts. It was argued that such contracts would allow more progress to be made in achieving IPSA's goal of a cost-effective scheme. Other points in that report are also worthy of consideration.

John Mann (Bassetlaw) (Lab): I thank my hon. Friend for robustly supporting the coalition position in this debate, which I, too, endorse. However, does not his point about the National Audit Office go to the crux of the dilemma? There are many different views on what a good system would be. My personal preference would be for local supplies, rather than national supplies, to boost local economies; the National Audit Office, backed by some, is suggesting something centralised and national. Does that not go to the crux of the matter, and is that not precisely why IPSA should remain independent?

Mr David: My hon. Friend makes a good point, which underlines the point that IPSA should always effectively be independent of Parliament, as he says. The only point I would make—and which the National Audit Office has also made—is about the general principle of collective procurement, which could be done more effectively to save taxpayers' money. IPSA has made advances in ensuring a cost-effective scheme, but more can be done, and this is a clear example.

The second report that we are discussing today is that from the Committee on Members' Expenses. I pay tribute to the hon. Member for Windsor (Adam Afriyie) and his Committee for their assiduous work. Their report is reasonable in tone and contains a raft of practical proposals to improve IPSA's performance. However, I have some reservations about aspects of the report. For example, I am somewhat concerned about the recommendation that a separate body be established within the House of Commons service. That body, the report says, would be independently regulated by IPSA, and

"transparency would ensure that it did not replicate the deficiencies of the old expenses system."

I welcome those words of reassurance, which are honestly expressed, but I am not convinced that we should run the risk of creating a perception that MPs could once again exercise influence over their expenses. For me, independence means independence, full stop.

Adam Afriyie: I do not think there is any disagreement, actually. The recommendation is merely that the legislation should enable the separation of those functions, because IPSA is unique in the entire world in its existing set-up. The Committee goes on to suggest what we think might be the best way to work more cost-effectively, but that is not the recommendation. The recommendation is merely that the legislation should enable a separation to take place, just to tidy things up a little.

Mr David: I hear what the hon. Gentleman says, but it still worries me that we are talking about at least an aspect of IPSA's work coming in-house, to this place. Indeed, recommendation 3 says clearly:

"The best arrangement would be for that separate body to be within the House of Commons Service".

However, if that body is in the House of Commons service, it is under the control of Members of Parliament, and I do not think that is desirable, nor is it something that would be easily understood by the general public.

That said, the report makes a number of good practical suggestions. For example, it is suggested that IPSA should extend its use of direct payments to cover as near to 100% of transactions as possible. That is to be welcomed. It is proposed that Members' office and staff budgets should be merged, which would also be welcome. The report proposes that IPSA should make it easier for MPs to find out online how much of each budget has been spent. That would be a step forward. It is also suggested that IPSA should always ensure that MPs' staff should have their expenses reimbursed directly and that this reimbursement should be made promptly. We would all endorse that. Those are just some of the practical and positive suggestions that are well worth active consideration and, I hope, implementation.

There are many policies and proposals in the report that I believe require careful deliberation. However, because of that, I am of the view that simply approving all the recommendations in their entirety might not be the best approach. That is why I have sympathy with the amendment, tabled by Government Back Benchers, which asks that the report be considered by IPSA as part of its annual review. I also hope that the Government will not merely wrap the report in warm words, but

ensure that active consideration is given to those proposals that relate directly to the Government—in particular, recommendation 2—or the duties of IPSA.

I believe that the House has begun the process of restoring the reputation of Members of Parliament in the eyes of the public. However, to be honest, we still have a long way to go. That is why I believe that IPSA's independence must be unequivocally maintained and that this House should not have any determining influence over any aspect of its expenses regime.

Bob Russell: Would the hon. Gentleman like to follow that argument through? Had it not been for the determination of the hon. Member for Windsor (Adam Afriyie) in getting the House to agree that this Committee should be established in the first place—we should remember that the Front Benchers did not want this Committee to exist—we would not be having this debate now and we would not have been able to discuss the important points to which the hon. Member for Caerphilly (Mr David) has alluded, including allowing Members to make progress and enhancing public confidence. It is not thanks to Front Benchers, but thanks to the House collectively—and the hon. Member for Windsor particularly—that we are having this debate and that this Committee was set up in the first place.

Mr David: I certainly endorse that point. The House has been mature in its approach to the issue and, as I made clear at the start, I genuinely commend the work carried out by this Committee. I would make the point, however, that for the next stage, it is not for us to accept everything before us on a blanket basis; we should pass matters on for further in-depth scrutiny and appropriate implementation. That is my important point.

I come back to the central issue of the independence of IPSA. That is a cardinal principle, and I would not want any message to go out from this House, either deliberately or inadvertently, that undermines that independence. That is important both for the practical implementation of expenses and for public perception. The standing of Members of Parliament is, I believe, something that we are all genuinely concerned about.

Finally, we all recognise that the system needs to be improved and made more effective. That is why Labour Members and I personally welcome this report from the Committee on Members' Expenses and why I shall support the amendment.

2.26 pm

Adam Afriyie: I have enjoyed hearing the constructive contributions to the debate. One thing that has been emphasised over and over again is that nobody wants to undermine the regulation of payments to Members and that everybody would like greater transparency, greater efficiency and greater value for money for the taxpayer.

The amended motion would not be my preferred route, but it would not prevent other actions from being taken by the Government as they revisit some of these issues. On balance, I shall not object to the amendment. I hope that we can therefore move swiftly on the next business.

Amendment agreed to.

Main question, as amended, put and agreed to.

Resolved,

That this House thanks the Members' Expenses Committee for its First Report on the Operation of the Parliamentary Standards Act 2009, HC 1484; and refers it to IPSA to be considered as part of its Annual Review.

Financial Education

2.27 pm

Justin Tomlinson (North Swindon) (Con): I beg to move,

That this House notes that young people today grow up in an increasingly complex financial world requiring them to make difficult decisions for the future, often without the necessary level of financial literacy; believes that financial education will help address the national problem of irresponsible borrowing and personal insolvency and that teaching people about budgeting and personal finance will help equip the workforce with the necessary skills to succeed in business and drive forward economic growth; further believes that the country has a duty to equip its young people properly through education to make informed financial decisions; and calls on the Government to consider the provision of financial education as part of the current curriculum review.

First, I would like to thank the Backbench Business Committee for allowing us to have this excellent opportunity to raise the profile of our ongoing campaign calling for greater provision of financial education and to make it compulsory in the national curriculum. I also extend my thanks to Martin Lewis of MoneySavingExpert.com, whose e-petition secured the magic trigger of 100,000 signatories. It is only the fourth to have done so.

A number of people have asked me why this subject caught the public's imagination. A couple of recent studies perhaps explain that. It was found that 94% of people agree that financial education is important; that 69% of parents feel that their children will get into debt; that fewer than a quarter of parents feel confident in educating their own children in money matters; and that 72% of parents do not believe that enough has been done to educate young children.

I am personally passionate about this subject because I believe society is changing. Here are some examples. This year was the first in which debit card usage exceeded cash usage. Only a few generations ago, people were paid weekly in cash. They often ran out of money, so were effectively forced to try to manage money in a controlled manner. Nowadays it is easy for the money to come in and flow out very quickly. We are seeing a greater prevalence of direct debits and standing orders, so if people get themselves into financial difficulty—the majority because of an unforeseen change of circumstances, such as the loss of a job, a bereavement or a family breakdown—they think that they will apply the financial brakes and not go out that weekend for a meal or to the cinema and that they will not spend any money, but the direct debits and standing orders are still flowing out of the account. People quickly become overwhelmed.

We are seeing ever more complicated marketing messages from different sectors, which are often misleading.

Mr Andrew Smith (Oxford East) (Lab): I am very grateful to the hon. Gentleman for giving way and I congratulate him on tabling this motion, which I strongly support. Does he agree that one of the big problems is that a lot of people, faced with the marketing to which he refers, simply do not understand the rate of interest they are being charged? That underlines the importance of basic mathematics in the curriculum alongside the financial education that he is rightly advocating.

Justin Tomlinson: The right hon. Gentleman is absolutely spot on with that point and I am just about to come on to it.

We have already had a number of debates in this Chamber on debt management companies, doorstep lending and payday loans. In fact, on annual percentage rates, we have already seen worrying evidence that consumers often think the higher the APR, the better. When people take out loans, they are not necessarily taking them out for a simple 12-month period. Most people could probably calculate 10% on a £100 loan, but it becomes complicated. Sometimes, the high-interest rate loans can be better than what people think is a safe bet. A good example of that is someone who wishes to borrow £100 for two days. They can borrow it from one of those well-known payday lenders who charge 4,635% plus £5.50 for the product fee, or they can go into their unauthorised overdraft facility at their local bank, which will charge them an understandable flat fee of £10 a day and a £2.50 fee for the privilege of using their debit card. Nearly everybody would accept the bank's offer, because it is understandable.

Mrs Jenny Chapman (Darlington) (Lab): I feel obliged to intervene, given that my hon. Friend the Member for Walthamstow (Stella Creasy) is not here, but how many people does the hon. Gentleman believe sit and make the calculation when they are working out whether to take a loan from Wonga? How many of them does he think roll over their loans at the end of the borrowing term?

Justin Tomlinson: I thank the hon. Lady for that intervention and that is exactly the point. It is so complicated. In my example, the bank was not the right option, but on many other occasions, it would be the other way around. The majority of consumers cannot calculate the interest rates to make those informed decisions. The market benefits from that and targets its marketing to take advantage of the situation.

Dr Andrew Murrison (South West Wiltshire) (Con): I have a great deal of sympathy with my hon. Friend's motion and I congratulate him on tabling it. Does he agree that the fundamental problem is not so much financial literacy and numeracy skills, although they are important, but that basic literacy and numeracy need to be improved, as evidenced by the unsatisfactory key stage 2 results that we saw in May?

Justin Tomlinson: I thank my hon. Friend for that intervention and I agree with him 100%. My speech and that of my hon. Friend the Member for Brigg and Goole (Andrew Percy) will cover those exact points.

To conclude this part of my speech, consumers too often take advantage of what they see as instant pain-free solutions without understanding the implications of what they are taking on.

Jim Dowd (Lewisham West and Penge) (Lab): Before the hon. Gentleman moves away from payday loans, does he not agree that anybody who finds themselves even contemplating taking one out—I accept his point that there are different ways of calculating the best way out of a situation—needs to address their whole financial position? It tends to be indicative of a problem, although

I would not necessarily say that it was systemic. Once someone starts robbing from next week, they will be short then and it will go on and on. They need at that very moment to get the most careful and wise advice on their personal finances.

Justin Tomlinson: I thank the hon. Gentleman for his contribution. Let me be clear. Everyone has individual circumstances, priorities and challenges, and what one member of the public thinks is the right thing to do might be different to what the next person thinks. For me, the driving force is the idea that we have a duty to equip people to make informed decisions so that they can understand the implications of what they are doing and therefore do the very best according to their own priorities and circumstances. As we find in our debates, however, all too often people are not in a position to do that. MPs often end up referring to our casework because time and again we see people who have made wrong decisions not necessarily through any fault of their own, but because they did not have the skills to make the right decisions. Indeed, Citizens Advice has highlighted that 60% of its work is finance-related.

We have a competitive market and the Government have been encouraging people to take advantage of competition within the energy market. We say to people, "Go and shop around and look at energy tariffs," but the market is incredibly complex and people need to be clued up if they are to be savvy consumers. I recently attempted to look at energy tariffs, but they are not all like for like, so consumers need a good level of skills to unravel that complicated market and seek out the best deal.

Another reason why I am passionate about this subject is that my generation could be pretty rubbish at handling money. We could go to university, drum up huge amounts of debt, including expensive debt on credit cards, and then secure our first graduate jobs—in my time that was relatively easy to do—get on to the housing ladder with a 100% or 100%-plus mortgage and watch house prices increase. When we had learned the error of our ways, we could reconsolidate our mortgage, pay off all our expensive debts and carry on, but that option will not be available to the next generation. As things stand, it is very difficult to get into the housing market and there is no guarantee that house prices will rise so that one could take advantage of that should one get on to the housing ladder. It is harder for young people to get credit and harder for people to correct any mistakes they may have made.

Claire Perry (Devizes) (Con): I commend my hon. Friend, who is a near neighbour, and all the MPs involved in this issue—this is the House of Commons working at its best. Does he agree that this is a big issue for women and girls, who are often the particular target of very expensive consumer demands, such as, "You must have this big handbag," or "You must buy these incredible clothes"? I think we do our young women and girls a real disservice in this area. Not only do we not educate them about finance but we encourage them to borrow and spend as much as possible.

Justin Tomlinson: I thank my hon. Friend for raising that point. This is part of the problem. We want people to be equipped to make informed choices and also to be savvy consumers who understand how to get the best for their money.

I want to say a little about how we got to today's debate. Just over a year ago, I innocently asked a parliamentary question calling for greater financial education within our schools. I was then contacted by the national charity, the Personal Finance Education Group, which told me when we met that it had been campaigning on this subject for 10 years. Its representatives said, "That was a very good question. Would you like another 30 to ask?" for which I was very grateful. I submitted those questions, which made me look very intelligent. I was then contacted by Martin Lewis of MoneySavingExpert.com, who said, "Can I come and meet you? I'm very impressed by the 31 questions you've now asked on this subject. You sound very knowledgeable and I'd like to get behind you." We decided between us that I alone could not champion this cause and that we should launch an all-party parliamentary group. Following a little gentle persuasion from the 6 million subscribers to MoneySavingExpert.com, MPs keenly queued into a very busy Jubilee room. We clocked up a staggering 225 Members from different parties, making us the largest such group.

At that point, we were tempted to go and knock on the Minister's door, offer him a cup of tea and some biscuits and talk about how overwhelmingly we were supported by people, but we knew that the Minister is often contacted by people championing worthy causes. I have called for basic cookery and life-saving skills to be taught in schools so I have been guilty of making lots of requests of the national curriculum. We thought that instead we would be patient and launch a constructive and positive eight-month inquiry so that when we met the Minister and said, "This is our worthy cause," we would have answers to all the questions that could be raised.

The inquiry was chaired by my hon. Friend the Member for Brigg and Goole who, despite having been called a supply teacher by the Prime Minister, has an extensive knowledge of a variety of roles within schools. We conducted a significant amount of research. More than 900 teachers responded, telling us what is happening, and what they think could and should happen. More than 50 relevant organisations met us, face to face, in oral sessions. We set ourselves up as a mini-Select Committee. We heard from organisations from the banking sector, financial institutions, teachers unions, financial education providers, the Financial Services Authority and the Money Advice Service. We heard from mathematicians so intelligent that the lights in the room started to flicker. We are extremely grateful for the support given by Carol Vorderman, who had previously been commissioned by the Conservative party when it was in opposition to look into mathematics standards. She was ably supported by Roger Porkess and Stella Dudzic, who wrote the mathematical example questions in our report.

We met representatives of the personal, social and health education sector, and we also talked to young people themselves because if we championed this cause but young people did not wish to engage, it would be a flawed campaign. We were overwhelmed by their support. In particular, I thank Katie Emms and Alex Harman, who took part in the oral sessions, but who on Monday, promoting our launch, got banned by Twitter for tweeting rather too enthusiastically about how good our 52-page report is.

Diana Johnson (Kingston upon Hull North) (Lab): Has the hon. Gentleman had an opportunity to look at the evidence presented to the Education Bill Committee at the end of the last Parliament? An attempt to get PSHE, including economic education, on to a statutory footing in the national curriculum was debated at length, but unfortunately his party prevented that from going through in the wash-up. A lot of very good evidence was presented to that Committee.

Justin Tomlinson: I thank the hon. Lady for that intervention. That was part of the evidence that we considered, but that was a rather simplistic description of what happened in the wash-up. That was not a stand-alone issue, and we referred to that in the report.

Andrew Percy (Brigg and Goole) (Con): We did indeed look at that issue but was it not the case that we were not convinced from the start about simply putting financial education into PSHE? We wanted to discuss examinations and mathematics and all the rest of it, which is why we have come up with a solution that I think is much better than that offered before the election.

Justin Tomlinson: Absolutely. It was important to include that as part of the evidence, but as we are about to set out in our recommendations, it was not the conclusion that we came to.

Kevin Brennan (Cardiff West) (Lab): I commend the hon. Gentleman on his work and on the report that he has produced. Does he not accept that if his Front-Bench colleagues had not taken that position, compulsory financial education would have been delivered through PSHE in secondary schools since last September?

Justin Tomlinson: I thank the shadow Minister for his intervention. We are trying to reach consensus on the very best way to deliver that education. We considered that approach as part of our report and concluded that it was not the right way to go. I am about to set out what we feel should be done. I am aware that a number of other Members will also go into detail to explain why we came to that conclusion.

I am going to whizz over the key recommendations. My hon. Friend the Member for Brigg and Goole will explain the mechanics behind them because he chaired the inquiry. We believe that the Government should promote the provision of high-quality financial education in schools in England. They should do that by acting on, or supporting, the following recommendations. I hope that the Minister's pen is poised.

With regard to national provision, personal financial education should be a compulsory part of every school's curriculum. Resources produced by outside organisations and visits of providers to schools should be available and accessible if considered helpful by teachers and quality-marked by a trusted body. There are many and varied examples of volunteers and financial institutions that already go into schools to do a good job. There is also evidence that some people felt that that was sometimes a marketing exercise.

It was also clear that provision was very patchy. We saw lots of evidence that if a school governor happened to have a connection to a particular financial institution, their school was more likely to have that opportunity than others. That said, those institutions can play an important role as long as the teachers lead. For example, a PE teacher providing a wide variety of sports may be particularly competent in football and rugby, but if his students want to take part in, say, trampolining, he may invite the local trampolining club to come in and give a lesson. That should be under the control of the teacher and be quality-marked so that we can be sure that it is not a marketing exercise.

Mr Robert Buckland (South Swindon) (Con): My hon. Friend is absolutely right to say that such lessons should be teacher-led. I had the pleasure of seeing a teacher-led money management workshop run by the charity Credit Action at St. Joseph's college in my constituency a week or so ago. The year 8 group were really engaged. I could see that there was strong merit in the approach that was being taken in that lesson. I am delighted to support my hon. Friend and congratulate him on all the hard work he is doing.

Justin Tomlinson: I thank my hon. Friend for that important intervention. A number of members of the all-party group, including several who took part in the inquiry, visited local schools to see at first hand the enjoyment and fulfilment of young children who had such an opportunity. If we ask them whether they are interested in mobile phone contracts, the cost of driving lessons or the fact that ultimately they will have access to credit cards and loans, we see that they are enthused by money and buy into financial education.

The report recommends that:

> "Primary teachers should build upon their teaching of basic money and mathematics skills from an early age across the curriculum in preparation for secondary education."

On that point, I welcome the Minister's decision to restrict the use of calculators in primary schools, because it is clear that the ability to do mental arithmetic makes a huge difference when it come to providing the building blocks of the good mathematical skills that are essential to become an informed and savvy consumer. My hon. Friend the Member for South West Norfolk (Elizabeth Truss) championed that in a Westminster Hall debate in which I had the pleasure of offering my support. I know from my experience of learning maths in school, and being reasonably savvy when it comes to financial matters, that such skills are built on the ability to do mental arithmetic.

The report continues:

> "We welcome the Government's current proposal to increase the minimum requirement of mathematics GCSE to grade B for primary school teachers and encourage that it should be adopted. It would be advantageous to use the opportunity of training days to refresh the mathematics skills of primary school teachers, although we respect the right of the schools to provide training in a way they feel is appropriate."

On secondary schools, the report recommends:

> "Personal finance education should be taught cross-curricular in mathematics and Personal, Social, Health and Economic (PSHE) education with the financial numeracy aspect of personal finance education situated in mathematics and subjective aspects taught in PSHE education. It should be packaged in an obvious and clear way to young people."

Elizabeth Truss (South West Norfolk) (Con): I congratulate my hon. Friend on securing the debate and on all the work he has done on this subject. Does he

agree that financial education needs to be embedded in mathematics rigorously and that it should be seen as one of the forms of applied mathematics in the way that mechanics has been historically? We should see finance as another means of doing that as well. Does he agree that it is particularly concerning that girls perform worse in GCSE maths than boys, despite the fact that they do much better in other subjects?

Justin Tomlinson: I thank my hon. Friend for her intervention. I could not agree more. That point is right behind our findings. I will set out the split that explains that. The report states:

> "Personal finance elements of maths should be clearly highlighted to emphasise how they relate to real life decisions. If viable, the Government should implement the Smith Report and Maths Review's recommendation for the twin GCSEs: 'Application of Mathematics' and 'Methods in Mathematics' to improve financial numeracy and ensure it is examined."

Crucially, we saw that in the evidence on the factual side, such as calculating the cost of a loan. We set out some examples in the report that covered the cost of standard loans, calculating exchange rates, credit cards, savings, taxation, compound interest rates and APR, which was referred to earlier. Those are factual questions with factual answers that are right or wrong and should be properly examined. We think that that would drive up standards.

Oliver Heald (North East Hertfordshire) (Con): May I say what a fantastic job my hon. Friend and the all-party parliamentary group are doing? Does he agree that these issues also come up with pensions? One of the great concerns with auto-enrolment is that people who have not previously saved will need to understand the products, so this sort of education will be very valuable.

Justin Tomlinson: That came through in the evidence. If we go into primary schools and start talking about pensions, we might not necessary engage, but one thing leads to another, and if young people have the basic skills, they can go on to use them later in life.

Simon Hughes (Bermondsey and Old Southwark) (LD): When I was going around the country earlier this year doing some work for the Government, I talked with young people not about pensions, but about paying for life after leaving school at 16. The overwhelming message I heard was that they wanted financial education not for the long or even medium term, but for dealing with their questions on where to study, how much it will cost, about apprenticeships and what the impact on the family income of those choices will be. That is really urgent, really important and universally supported.

Justin Tomlinson: I thank my right hon. Friend for that intervention and echo those comments. We have seen that response as we have made our visits.

Personal, social and health education should be clearly defined as four separate strands, one of which should be personal finance. By reworking the PSHE syllabus, more focused training and assessment can be developed, and individuals would have an opportunity to learn about the implications of their decisions.

Earlier, I pointed out that we are all individuals, with our own individual challenges, priorities and things that we consider important, so there is not necessarily a right answer in this area of education. I shall use yet another example from Martin Lewis to illustrate that point. An individual has been unable for 12 months to find a job; they have been offered a job in a neighbouring town but with only a three-month guaranteed contract; and the only way in which they can get to the town is if they take out an expensive car loan. Does that individual take out the loan? There is not necessarily a right or wrong answer. Are they confident that they will be so good in their job that they will last beyond three months? That is probably the determining factor, but such examples offer young people the opportunity to talk through the day-to-day, real-life challenges that they may face when they enter the big, bad world.

Kevin Brennan: The first key recommendation of the hon. Gentleman's committee is that personal finance education should be part of every school's curriculum. Is he including academies and free schools?

Justin Tomlinson: That is exactly the sort of question that, in setting out the mechanics of the recommendations, my hon. Friend the Member for Brigg and Goole will cover—if the shadow Minister could just be ever so slightly patient.

We also call for a school co-ordinator or champion to be appointed to each school, preferably from the senior leadership team. They should be given responsibility for ensuring that outcomes are achieved in maths and PSHE; for ensuring that there is a clear link between the elements of personal finance taught in mathematics and PSHE; and for sourcing resources. We make it clear that such education should be cross-curriculum, so there should be a point of contact who can champion it.

Dr Murrison: Teachers will argue that there is huge pressure on the curriculum, and I have a lot of sympathy with that, so how much time will it be necessary to carve out of an already pressurised curriculum to deal with the issue? I assume my hon. Friend is suggesting that primary children should be taught not about gilts and derivatives but about fairly basic stuff, so how much time will be required to bring them up to the acceptable level of numeracy which he envisages?

Justin Tomlinson: I thank my hon. Friend for that contribution. We considered a stand-alone subject and, in our utopian world, we would have loved to see a stand-alone financial education qualification, module or however it might have been, but we recognised that greater freedoms have been given to schools, so we thought it best to build such education, in the most relevant and rigorous way, into the subjects currently on offer.

Tessa Munt (Wells) (LD): Does my hon. Friend not agree that such education is about understanding mathematical concepts in a practical way, so it does not need to displace any part of the curriculum? If one is looking at the cost of leasing the car, at whether to place a spread bet or whatever other type of bet, or at anything else, one needs to understand percentages, multiplication and all those things. They are lifetime examples that should be taken into the classroom.

Justin Tomlinson: I thank my hon. Friend for that, because it answers in part an earlier intervention.

Mrs Chapman: The hon. Member for Wells (Tessa Munt) mentions spread betting, but will the hon. Gentleman confirm that we are not suggesting teaching primary school children gambling?

Tessa Munt *rose—*

Justin Tomlinson: I am sure that was not the thrust of the earlier intervention.

Tessa Munt *rose—*

Madam Deputy Speaker (Dawn Primarolo): Order. One intervention at a time. Is the hon. Gentleman giving way?

Justin Tomlinson: Yes.

Tessa Munt: I accept absolutely the point about not teaching primary school children spread betting, but young constituents of mine have made appalling errors due to the betting that is available online, and I complain constantly that on mainstream television there are 31 hours and 55 minutes of online betting shows late at night. Does my hon. Friend agree that, unless one understands the implications of what one is doing, one is in deep trouble?

Justin Tomlinson: I thank hon. Members for their interventions; I shall try to give one response to the three of them. In secondary schools, anything to do with betting or credit cards could be relevant. It is very important, however, that we as a society do not necessarily judge what is right and wrong for individuals. However, the PSHE side of things offers an opportunity to discuss the implications.

How much time should be spent on such education? I am conscious that I was called to speak ahead of my hon. Friend the Member for Brigg and Goole. I do not want to steal all his best lines, and he is keen to set that issue out in detail. However, in summary, I emphasise again that in primary schools the priority is to provide the building blocks for secondary schools, and that is very much on the mental arithmetic side—perhaps just an introduction to the concept of money.

In secondary schools, as has been pointed out, financial education should be integral. In many ways, some of that work already takes place. For example, we already expect students to do calculations in mathematics; we would like those calculations to be applied to real-life situations. Rather than asking what is 10% of 100, it might be better to ask how much a loan of £100 at 10% interest would cost someone. That is the same calculation, but the point is brought home.

There is another element to that. I am very supportive of mathematics; I studied it at A-level and I am a great believer that our success as a nation relies on our encouraging more young people to take up mathematics. One of the biggest challenges is that young people are put off the subject because they think that it is a lot harder than it really is, because they do not apply it to everyday life. When we ask young people whether when they look at different tariffs on mobile phone contracts they realise that they are carrying out a mathematical calculation, they find that they are interested in the subject. Such approaches can be used as an opportunity and a hook to encourage more people to go on to do the further maths that this country so needs.

In conclusion, I have been absolutely bombarded with statistics from supportive organisations; I met more than 100 of them before we even started looking into producing our report. They have been helpful with statistics. The one that stands out more than any other is that 91% of people who have got themselves into financial difficulty feel that if they had been better informed, they might well have taken a different path. Hindsight is wonderful. We all think, "If only I had done that". But I certainly think that the principle of that statistic is right; so many people who get themselves into difficulty could have done otherwise. We have an absolute duty to equip the next generation of consumers to make informed decisions. Driving up standards in mathematics and PSHE goes hand in hand with our campaign for compulsory financial education. I urge the Government to embrace our positive and constructive report as part of the national curriculum review.

Diana Johnson: On a point of order, Madam Deputy Speaker. I apologise to the hon. Member for Darlington (Mrs Chapman) who is due to speak in a moment, but I would like to raise an important matter with you. Written ministerial statement No. 11, which relates to the Olympics, security and the Ministry of Defence, is supposed to have been published this morning. It is still not with the House. During Department for Culture, Media and Sport questions this morning, Members were given an opportunity to ask questions about the Olympics. Like my hon. Friend the Member for West Ham (Lyn Brown), I am concerned that the media are trailing several stories about warships and several thousand military personnel being in east London during the Olympic games. Could you use your offices, Madam Deputy Speaker, to see whether the statement could be made available forthwith?

Madam Deputy Speaker (Dawn Primarolo): I am grateful to the hon. Lady for giving me notice of her point of order. Notice was given this morning of a ministerial statement on this matter. I have made inquiries and it still has not arrived. I notice that the Leader of the House and Deputy Leader of the House are in the Chamber. I am sure that they have taken note of the comments that the hon. Lady has made. Perhaps they could make inquiries about this matter. Let us return to the debate. I call Jenny Chapman.

2.59 pm

Mrs Jenny Chapman (Darlington) (Lab): It is a pleasure to speak in this debate. I congratulate the hon. Members for North Swindon (Justin Tomlinson) and for Brigg and Goole (Andrew Percy) on the work that they put into the report. However, before this turns into a complete love-in in which we all congratulate each other on our efforts, I should observe that I see financial education as being about 20% of the solution to the problem with debt in this country. We also need to look carefully and quite quickly at regulating certain parts of the industry, especially payday loans and the high-cost lending sector. I would also like to improve advice services and secure advice services that are under threat at the moment. I would look at advertising, too. I think that it is at the root of some of the severe problems that people get

themselves into with debt. On loans, some very dodgy products are made to look commonplace, and young people are encouraged to take out short-term loans for things such as going to a music festival, which sends completely the wrong message. We need to do something about that fairly urgently.

As a nation, many of us lack the knowledge we need to properly manage our finances. About two thirds of people in the UK say that they feel too confused to make the right choices about their money and more than a third say that they do not have the right skills to properly manage their cash. Only 36% of people understand that the term APR relates to payments. Within families, about 19% of parents have never discussed how to spend money with their teenagers and 32% have yet to discuss how to budget or even describe what one is. Research has shown that 43% of parents do not know what basic financial terms such as APR or PPI mean. On Tuesday, I was in a financial education class in a women's prison and I was quite impressed by how well informed some of the inmates were, but there was quite a long discussion about PPI, which seems to be a huge issue on which many people feel they have been misled. They say they would have benefited from clear information at a young age.

Frighteningly, about three quarters of us say that a lack of basic financial understanding is to blame for our debts. The gaps in our national financial knowledge are worrying but are made all the more troubling in these times of austerity. The citizens advice bureau in my constituency tells me that in the past 12 months it has dealt with just under £9.5 million of debt. Between 2004 and 2010, individual insolvency levels rose sharply. Apparently, in the 12 months ending in quarter 3 of 2011, about one in 361 people became insolvent, which is significantly higher than the annual average of one in 1,655.

Lyn Brown (West Ham) (Lab): Has my hon. Friend noticed, as I have, even more people coming to her surgery with financial issues than previously? Is she as worried as I am that they are coming to us at a time when even less independent financial advice is available for them to access?

Mrs Chapman: My hon. Friend makes a good point. She tempts me to break a promise that I made to myself when I came into the debate not to have a rant about the economy and make a wider political point, because I thought that that probably would not be what this occasion demanded. However, she makes that point for me and I thank her for it.

Education is the armour against being misled and I believe that advertising is misleading us. I refer the House to my ten-minute rule Bill of about a year ago, which I am sure all hon. Members have followed closely, which would curb some of the advertising on financial products. Financial education provides protection against some of the most traumatic circumstances a person can find themselves in, from paying an additional fee on an unauthorised overdraft because one is not aware of how the charges work, to losing one's home or having one's belongings repossessed and being declared bankrupt. Many of us have been able to learn from our mistakes because either the economy has been in a good state or we have been able to rely on family or friends. We have been lucky but young people now, as the hon. Member for North Swindon said, are in danger of financial mismanagement having a much longer-term effect on their lives. On finishing education, young people immediately face tough monetary decisions. At 17, they are already in debt and tied into contracts that they did not fully understand for things such as mobile phones. I take the slack given to me by the hon. Member for Wells (Tessa Munt) who made a good point about gambling. If that is an issue at primary level, which I had not appreciated, it is right that that be included in the curriculum. Therefore, we need to be properly prepared to deal with these decisions. Put simply, an informed borrower is a safer borrower.

Damian Hinds (East Hampshire) (Con): I appreciate the hon. Lady's point, but does she not agree that if we have a problem with children under the age of 11 gambling, the most important place to start is not the curriculum, but access to online gambling?

Mrs Chapman: I agree completely. That goes back to the first point that I made about financial education being one of four strands of the solution, the others being debt advice, advertising and regulation. The hon. Gentleman is right to point that out.

In schools across England, the provision of personal financial education is ad hoc. We saw some good examples when writing this report. I took it upon myself to visit schools in my constituency and I was impressed with what I found. There is little teacher training on personal financial education and there is therefore limited subject knowledge and confidence among some teaching staff. It is stating the obvious to say that schools face significant barriers to teaching financial education, such as curriculum time, the absence of a statutory mandate and the lack of awareness of suitable resources.

Elizabeth Truss: Does the hon. Lady agree that the current requirement of a grade C in mathematics to teach in primary schools may need to be amended? Is she concerned, as I am, that we have the smallest proportion of students studying maths from 16 to 18 of any country in the OECD? We therefore do not necessarily have people moving through the system with the right mathematical understanding.

Mrs Chapman: I agree with that to a point. I have A-level maths and I am very glad that I studied that. One does not have to be a maths expert to deliver good financial education, but one does need to have confidence in the subject, have a good grasp of the knowledge and be a good teacher. A good teacher who can get the ideas across can probably teach the things that we discuss in the report quite well.

Lyn Brown: Given that I could not tempt my hon. Friend to have a rant on the economy, perhaps I can tempt her one more time to deviate on to the Government's record on this matter. In November 2011, applications for training courses for secondary maths teachers fell by more than a quarter on last year. Is she as concerned as I am about the implications of that?

Mrs Chapman: I am very concerned about that. I am not only concerned about mathematics. My region has seen a drop of about 20% in higher education applications.

[Mrs Chapman]

We are assured that there will be a last-minute surge in applications. If that is not the case, I fear that we will face a serious problem.

Oliver Heald: Does the hon. Lady agree that there is also an important issue about an entrepreneurial society? If we do not have enough basic financial information and knowledge in our community, it is a brake on innovation and entrepreneurialism. It also means that people who do set up a business often cannot prepare a decent business case and that their business does not sustain itself. That is important to our economy, as are the matters that she is raising.

Mrs Chapman: I do agree with that. There are plenty of examples of entrepreneurs who have done incredibly well with little formal education. I do not know this for sure, but I do not think I am pushing the boat out too much to suggest that Duncan Bannatyne, who has his head office in my constituency, does not have a maths degree. Such exceptions aside, most people would benefit from having this sort of knowledge. I think that it would assist in the way that the hon. Gentleman indicates.

I will conclude because much of what I was going to say has already been said, and probably much more eloquently, by the hon. Member for North Swindon. *[Interruption.]* I was not expecting a response to that. On the advice of teachers, the all-party group on financial education for young people felt that it was necessary to have a champion for personal finance in each school. I had my doubts about that when the report was drafted, because I was not sure that schools would welcome having that burden loaded on to them. However, it was pointed out to me that teachers had argued strongly for that recommendation to be included. With that in mind, I am happy to support it.

The all-party group also believes that the subject should be examined, and I agree. Ofsted has stated that courses leading to formal accreditation have inspired

> "a more coherent curriculum and sharper focus on the learning outcomes students were expected to achieve".

As one head teacher has explained:

> "Unless you test it, it will not happen".

The introduction of dual mathematics GCSEs would promote the right objective and ensure that the subject is properly examined and taught.

I urge the House to examine the matter closely, take it seriously and include it in what I hope will be a package of measures that will help address the serious problem that we have not just with the lack of financial education but with debt more broadly. I hope that we will consider matters such as advertising, the provision of advice and the regulation of the high-cost lending market.

I wish to conclude with a lovely quotation that I have found, which I could not help but try to give at some point. Benjamin Franklin said:

> "An investment in knowledge pays the best interest."

I think that is quite a nice way to end.

The Parliamentary Secretary, Office of the Leader of the House of Commons (Mr David Heath): *On a point* of order, Madam Deputy Speaker. The hon. Member for Kingston upon Hull North (Diana Johnson) raised a point of order a short time ago about the availability of a written ministerial statement from the Ministry of Defence about the London 2012 Olympics. I have since had the opportunity to look into its whereabouts. It was, in fact, issued just after 1.30 pm today, but for some reason the IT did not allow it to get through to the Vote Office. That has now been corrected, and it is now available in the Vote Office. I hope that if the hon. Lady goes to either the Vote Office or the Library, she will get a copy, but I have a further copy here if she would like it.

Madam Deputy Speaker (Dawn Primarolo): I am grateful to the Deputy Leader of the House for that. I am sure that he agrees that, notice having been given by a Department of a written ministerial statement, it should have been here a considerable time before 1.30 pm. However, we are grateful to him for his prompt action and for the fact that Members will now be able to look at the statement.

3.11 pm

The Minister of State, Department for Education (Mr Nick Gibb): May I start by apologising for having been a couple of minutes late to the debate?

It is a pleasure to follow the hon. Member for Darlington (Mrs Chapman). She is right that an investment in knowledge pays the best interest—certainly better than the interest that some of my retired constituents are receiving on their bank balances at the moment. She made an important point, and I hope that the national curriculum review will ensure that our new national curriculum increases the amount of knowledge that children receive.

I congratulate my hon. Friend the Member for North Swindon (Justin Tomlinson) not only on his balanced and passionate speech but on his leadership, along with my hon. Friend the Member for Brigg and Goole (Andrew Percy), of the all-party group on financial education for young people. I thank the all-party group for its report on financial education in the curriculum. Both have been powerful advocates of the cause, and together with Martin Lewis have managed a powerful and effective campaign. I look forward to hearing from my hon. Friend the Member for Brigg and Goole later if he catches your eye, Madam Deputy Speaker.

Martin Lewis is an energetic and highly effective campaigner for financial education in schools, the result of which has been an e-petition with more than 100,000 signatures. From meeting Martin Lewis recently, it is clear to me how passionately he believes in the importance of financial education for young people to help them deal with the complexities and dangers of money and debt management. I know that the all-party group has also been well supported by the Personal Finance Education Group, which has worked for a number of years to promote and develop finance education in schools.

The Government are currently conducting two reviews—that of the national curriculum, which of course includes the core subject of mathematics, which is a cause about which my hon. Friend the Member for South West Norfolk (Elizabeth Truss) is passionate, and that of personal, social, health and economic education, which includes financial capability. The all-party group's report provides important insights and recommendations to

both reviews, and the Government are grateful to it for its thorough and high-quality report. We will examine it very carefully indeed.

I know that we all agree about the importance of good-quality personal finance education and the critical role played by a sound grasp of basic mathematical skills. Support from the finance industry and a range of good resources play their part in supporting schools to teach pupils how to manage their money well.

It is true that young people are growing up in a materialistic world for which they are often not fully prepared. As my hon. Friend the Member for Devizes (Claire Perry) said, the "Got to have it now" culture means that young people have high aspirations for branded or designer goods, often without the means to pay for them. They have unrealistic expectations about the lifestyle that they can afford, which are fuelled by the glittering trappings of celebrity.

My hon. Friend the Member for North Swindon made the important point that our generation—I like to associate myself with his generation—was cushioned from its financial mistakes by rising house prices, which provided equity to pay off consumer debts. That is not available to the current generation.

We all have a job to do in moving young people's aspirations away from that empty and often destructive perception of what success means. Our determination to raise academic standards in all schools and for all young people, regardless of their background, is about high achievement and stretching aspirations. Developing children's intellectual capabilities and interests is a direct antidote to materialism. Alongside that, young people must acquire a sense of responsibility. They need to contribute to society as responsible citizens and not take wild risks. They need to learn to live within their means.

Kevin Brennan: I understand why the Minister will not today give us the conclusions of the curriculum review that is under way, but does the first key recommendation of the report—that personal financial education should be a compulsory part of every school's curriculum, which I take to mean all taxpayer-funded schools, including free schools and academies—fall within the terms or the remit of the curriculum review and the review of PSHE?

Mr Gibb: We made it very clear when we announced the review of PSHE education in schools that it is not possible for PSHE to become a statutory element of the national curriculum. However, it is in the remit of the review to recommend that elements of PSHE should be compulsory if it believes that strongly.

Kevin Brennan: Just to be clear, does that include making those elements compulsory in free schools and academies?

Mr Gibb: The national curriculum applies only to maintained schools. The rules that apply to academies go through their funding agreements. The review will consider that issue. The extent to which those elements will apply to academies depends on the funding agreements, which maintains the approach to academies taken by the previous Government.

Tessa Munt: Might one solution be to ensure that young people, as they pass through the curriculum stages from primary through to university education, have some form of examination—a module could be included in the examination process—that allows them to show some level of expertise in such life skills, which they will need to take forward? I have a passion for middle schools, so I suggest that that should happen when children are aged from nine to 13. In that way, whatever course they choose after the age of 13, be it vocational or academic, they will at least have proven that they have those life skills.

Mr Gibb: My hon. Friend makes an interesting point. Those are the kind of issues that the PSHE review will consider. We want to ensure that the quality of PSHE teaching in our schools improves. That is the key driver of the review.

The hon. Member for Darlington quoted Benjamin Franklin, but I shall quote Mr Micawber from Dickens's "David Copperfield":

> "Annual income twenty pounds, annual expenditure nineteen pounds nineteen and six, result happiness. Annual income twenty pounds, annual expenditure twenty pounds ought and six, result misery."

Those aphorisms are as true today as they were in the nineteenth century. Borrowing more than one can afford to repay is one of the most serious social problems facing the UK today. British consumers are considerably more indebted than those in continental Europe. Between 1999 and 2007, household debt increased by 125% while household income increased by only 40%. The Office for National Statistics estimates that around 10% of all households have problem arrears and are unable to make minimum payments in one or more of their financial commitments. The Government are serious about taking action to help people to manage their debts.

We want to ensure that individuals facing financial difficulty can get advice early rather than waiting until their problems become more difficult to resolve. The new Money Advice Service has a statutory function to enhance people's understanding and knowledge of financial matters and their ability to manage their own financial affairs. It provides free and impartial information and advice. Those consumers who find themselves in high levels of debt will continue to need specialist debt advice, and the Money Advice Service, with its consumer financial education remit and national reach, is well placed to take a role in the co-ordination of debt advice services as part of its existing services.

I have another quote; this time it is from Shakespeare. As Polonius advised his son—

Kevin Brennan: Neither a borrower nor a lender be.

Mr Gibb: The hon. Gentleman has said it for me.

> "Neither a borrower nor a lender be."

Can he carry on?

> "For loan oft loses both itself and friend,
>
> And borrowing dulls the edge of husbandry."

I will give way to the hon. Gentleman.

Kevin Brennan: It is good advice from Polonius, but we must remember that he is widely regarded as an old hypocrite. Perhaps he is not the best person to quote. He was a silly old fool.

Mr Gibb: It was good advice to his son.

Kevin Brennan: Perhaps Iago might be more appropriate.

"Who steals my purse steals trash; 'tis something, nothing;
'Twas mine, 'tis his, and has been slave to thousands;
But he that filches from me my good name
Robs me of that which not enriches him,
And makes me poor indeed."

Mr Gibb: Very good indeed. The green-eyed monster is there as well. The hon. Gentleman also makes the case for rote learning of English literature. That is missing from our schools. The more poems we can recite in our early years, the better. The hon. Gentleman must have learned that passage many years ago.

To be successful and to achieve aspirations, young people need to be able to stand on their own two feet. They must organise themselves, prioritise, manage money and work independently. That needs to start from an early age. Primary schools must lay the foundations by raising standards of arithmetic and securing a confident progression on to secondary schools. I am also mindful of the many reports of young people leaving school without the most basic knowledge of mathematics. We are committed to improving attainment levels in maths and to ensuring that all children leave primary school fluent and confident in arithmetic. We are studying evidence on the most effective ways of teaching arithmetic in primary schools and we have read the reports and listened to the speeches of my hon. Friend the Member for South West Norfolk.

In the current secondary mathematics curriculum, pupils must achieve fluency and confidence in a range of mathematical techniques and processes that can be applied in a wide range of circumstances, including managing money. The kinds of calculations that people should be able to do are set out in the report "Financial Education and the Curriculum" by the all-party parliamentary group. There is a suggested example of a GCSE question. It asks what Sophie should do with £4,300 that was left to her by her grandfather. She has a choice of two accounts. The first pays 3.1% on a monthly basis and the second pays 3.25% annually. The formula on page 41 is "$AER=100[(1 + r/100n)^n - 1]$". If one can master that, one knows all one needs to know about how to calculate compound interest.

Young people need to be confident and competent consumers. They need to be able to work out when a supermarket deal is not what it seems. For example, when supermarkets offer a deal on buying two small packs of something, they need to work out whether it is really cheaper per litre or per kilogram than buying one larger pack. In fact, I have found in some supermarkets that it is more expensive to buy one larger pack than to buy two smaller ones.

The Government are currently reviewing the national curriculum, including the curriculum for maths. The all-party report on financial education and the curriculum will feed into the review, and the review will ultimately ensure that the GCSE reflects its conclusions. We will consult widely on the number of maths GCSEs in the light of the review, and will consider evidence from the pilot of the pair of maths GCSEs referred to by my hon. Friend the Member for South West Norfolk. Application of mathematics and methods in mathematics will also inform decisions. We will look carefully at the evaluation of the pilot.

Kevin Brennan: What have not been mentioned so far, but have been endorsed by the hon. Member for North Swindon (Justin Tomlinson), are the qualifications in personal finance offered by the Institute for Fiscal Studies. Has the Minister had a chance to examine them and form a view on how suitable they are for pupils?

Mr Gibb: We will examine them as part of the curriculum review, but our first priority is to establish what knowledge children need. That will then feed into the qualifications. We have also benefited from Alison Wolf's review of qualifications in schools. A process is under way to ensure that every qualification offered by schools is of sufficient size and quality, and commands respect in the real world among employers and further and higher education institutions. Those are the factors that will determine whether a qualification continues to be recognised in performance tables.

Simon Hughes: The Minister rightly concentrates mostly on primary and secondary schools, for which he is directly responsible, but does he accept that it is also important for young people to receive financial education elsewhere, for instance through the youth services? After all, they spend much more time outside school than at school. Will there be, as it were, a draft proposal for consultation after the Government have formed a view but before they finalise their proposals? I realise that this is controversial, but it seems to me that it would be wise for the Government to say "This is our thinking now that we have taken all the evidence, but before we form a final view there will be a debate in the House and a short time in which the public can respond."

Mr Gibb: My right hon. Friend has made a legitimate point, with which I agree. Our intention is to consult widely on the curriculum review. There is an important set of decisions to be made. We have received nearly 6,000 responses to the call for evidence, and we will report on them shortly. The draft programmes of study will be published during the next year and beyond, and there will be wide consultation on them. Even before they have been published, there will be a great deal of consultation with stakeholders and subject specialists. We want to establish a consensus in the country about what we want children to be taught. However, we must slim down the curriculum and differentiate it from the school curriculum in order to identify a body of knowledge that we want all children to have acquired. How it is taught is a matter for teachers, and will depend on their professionalism.

Financial education is also an important strand of personal, social, health and economic education. We know from the Ofted report "PSHE in Schools", which was published in July 2010, that provision for financial education is patchy. Some schools have not yet got to grips with the economic well-being and financial capability strand of PSHE, which was introduced in secondary

schools in 2008. The aim of the review is to determine how we can help schools to improve the quality of PSHE teaching, while giving teachers enough flexibility to enable them to judge for themselves how best to deliver PSHE. We have finished collecting evidence, and will publish proposals for public consultation next year. The financial education curriculum report will play an important part in helping us to draw conclusions for the purpose of the PSHE review.

Good-quality teaching is also fundamental. If we want an education system that ranks with the best in the world, we need to attract the best people and give them outstanding training. There is strong evidence that links teacher quality, above all other factors, with pupils' attainment. Our plans for initial teacher training show the Government's commitment to recruiting the very best graduates into teaching, securing better value for money from ITT and reforming training. There is a focus, then, on the most important elements of being a teacher.

In 2012-13, we will prioritise places on primary ITT courses offering a specialism in mathematics and science, and in 2013-14 we expect to adjust financial incentives to favour trainees on specialist primary courses with a good A-level in mathematics, science or language over those on generalist courses. For serving teachers, the mathematics specialist teacher programme aims to improve the practice of primary maths teaching by improving mathematical subject knowledge and pedagogical approach and by developing teachers' expertise to provide effective professional development. More than 3,200 teachers are currently on that programme.

The all-party group's report on financial education and the curriculum is an important report. It is grounded in solid research and data, with practical solutions and a commitment to ensuring that young people receive the education that they need to become confident consumers. Much can be achieved by supporting finance education, working with those in the finance sector, finance education experts and schools. There is huge enthusiasm among teachers and young people, and we will give careful consideration to the report and all its recommendations.

3.31 pm

Kevin Brennan (Cardiff West) (Lab): May I first apologise to House as I may need to leave before the debate's conclusion, depending on how long we run on for?

I congratulate the all-party group on financial education for young people on producing its report, and I pay tribute to the hon. Members for North Swindon (Justin Tomlinson) and for Brigg and Goole (Andrew Percy) and my hon. Friend the Member for Darlington (Mrs Chapman) for the work that they put into it. *[Interruption.]* Did I miss somebody out? I beg the pardon of the hon. Member for Wyre Forest (Mark Garnier). Does anyone else want a mention while I am on my feet? I pay tribute to everyone who has been involved in the report. It is very thorough and much work went into taking the evidence. It is of the standard of a Select Committee report—perhaps even better than some Select Committee reports.

I also congratulate Members on getting Martin Lewis to help with the report, although it sounded as though that was not too difficult for the hon. Member for North Swindon, and on getting 100,000 people to petition for today's debate. More broadly, I pay tribute to the role that Martin Lewis has played in improving public awareness of finance issues through his website and other media. When I was a Minister with responsibility for consumer issues, he was very supportive of a reform that I introduced and from which I hope some Members here might have benefited. I refer to the measure on 0% credit card offers under which repayments by consumers henceforth went on the most expensive debt first—exactly the opposite of what used to happen, when credit card companies would pay off the 0% debt first and leave people with a very high rate of interest on any remaining balances. That is the kind of understanding that consumers need to have when taking up so-called 0% credit card offers, including on arrangement fees.

Knowing how to manage money and be a savvy consumer are vital life skills in an increasingly complex world, but why do more young people not start learning this at school? That is the question at the heart of today's report. As a former head of economics in a Cardiff comprehensive school, I am well aware that this issue has been on the agenda for many decades. I can remember some of the earlier initiatives on improving financial education in schools, including the early days of school banks, when young people were encouraged to make deposits in the school bank, often supported by the local branch of their bank or building society.

Education is about giving young people the skills and knowledge that they need to get on in life, which is why every child should learn not only the three R's at school but about pensions, saving, borrowing and mortgages. As the report shows, despite many of these initiatives down the years, the provision of financial education across the country is still extremely patchy, as the Minister acknowledged when he referred to the Ofsted report. That is why we would have had compulsory financial education in every school last September, through personal, social and health education, under plans that the previous Government set in train in the then Department for Children, Schools and Families before the last general election, again with the help and support of Martin Lewis from MoneySavingExpert.com.

We said that financial education should be a compulsory part of the curriculum, as part of PSHE, with improved training and tools to give teachers the confidence to teach it. The law to make that happen was going through Parliament when the general election was called last year. However, as we heard earlier, those on the Conservative Front Bench, including the current Schools Minister, refused to support it—probably for other reasons, to do with their objection to the sex education provision in PHSE—and so the plans were scrapped.

There have been 18 months in which no progress has been made, which is why the report is so welcome. It gives us an opportunity to try to find a way forward, and perhaps a cross-party consensus, on a vital issue for the long-term good of our country. I am therefore pleased that the e-petition calling for financial education to become a compulsory part of the curriculum has been a success and that it has sparked today's debate. The report is also timely, as there is a review of the curriculum under way, as the Minister said, which gives the Government a perfect opportunity to listen to the thousands of people who are backing the campaign. As I said, every child should learn how to manage their

[Kevin Brennan]

money. It will set them up for the rest of their lives, and financial education lessons might also enable them to teach their parents a thing or two.

Indeed, my hon. Friend the Member for Makerfield (Yvonne Fovargue)—who is on the Front Bench, in the Whips' corner—sent me an e-mail yesterday after we talked about this issue. Hon. Members will be aware that the Prime Minister praised her yesterday for her work with citizens advice bureaux. She said:

"One of the side effects of the project I managed delivering to schools/colleges was a rise in demand for debt advice from the parents...They talked to their children and realised there was a problem."

She continued:

"There has to be sufficient quality free debt advice available to cope with this demand in the local area—and the signposting needs to be sensitive and appropriate too. Teachers need to think about how they would deal with the issue—perhaps a session from the local CAB?"

To which she adds:

"if it's still around that is!"

This is therefore a timely moment for a debate on financial education, with the review of the curriculum under way. We in the Opposition will be looking carefully at what the Government come up with when they conclude their review.

However, I think there is a paradox and perhaps some confusion at the centre of the Government about the curriculum. As I understand it, the Schools Minister and the Secretary of State are driven in their review of the curriculum in part by a desire to give more freedom to teachers, head teachers and schools to teach as they think appropriate for their local communities, with more autonomy for schools and head teachers. However, at the same time, Ministers—driven perhaps by the desire to generate the right kind of headlines—continually demand a specific approach to teaching all sorts of subjects, including history, as favoured by the Schools Minister and the Secretary of State. At the same time, there is a big push, backed by money, for more and more schools to convert to academy status or become free schools, thereby no longer being required to teach the national curriculum. On the one hand, therefore, the Government's policy seems to be to exempt most schools over time—if their current plans continue—from teaching the national curriculum, while on the other hand they are revising the national curriculum to ensure that schools teach more closely what they want them to teach. At some point, some genius in the Department for Education will have to square that circle and explain how those two things will be delivered.

It is paradoxical, and perhaps even absurd, that if the Government get their way, we will have a national curriculum that the vast majority of schools will not have to teach. It will not matter what anyone recommends in a report should be made compulsory: it will not be deliverable unless there is some stick in the system. The Government cannot decentralise and at the same time dictate from the top, because ultimately the whole project will collapse in on itself.

Elizabeth Truss *rose—*

Kevin Brennan: I can see that the hon. Lady is itching to intervene.

Elizabeth Truss: Is it not about leadership, as the reality is that many academies and, indeed, private schools follow or tack along with the national curriculum? It is the role of the Education Secretary and the Department to indicate what kind of things students should know when they leave school.

Kevin Brennan: I am sure the hon. Lady is right; she thinks deeply about these subjects and makes intelligent contributions. The report, however, states:

"Personal finance education should be a compulsory part of every school's curriculum."

If that is going to be delivered, there must be some transmission mechanism. I am afraid that history teaches us, and future events will teach us, that exhortations from Secretaries of State—no matter how talented or eloquent they be—are not sufficient to make things a reality on the ground. As I say, there has to be a mechanism to make it happen.

In thinking about this issue, the Minister will need to clarify what the role of the national curriculum will be in a schools landscape where most institutions will not be required to follow it. How will that fit in with the original vision of a national curriculum to be taught by all schools across the country, as introduced by Kenneth Baker, now Lord Baker, who was the Secretary of State when I was a teacher back in the 1980s? How can the Minister ensure adequate teaching of financial education if most schools will ultimately be free to follow their own path?

Damian Hinds: The shadow Minister says that a transmission mechanism is required. Does he agree with me that if practical maths were made part of the GCSE syllabus for each of the main awarding bodies, such a transmission mechanism would exist?

Kevin Brennan: That is for 14 to 16-year-olds. If GCSE maths is taken between the ages of 14 and 16, young people would indeed receive some of this provision. The hon. Gentleman is correct about that, but the report goes much further in its recommendations for making financial education compulsory across all ages in the curriculum.

Damian Hinds *rose—*

Kevin Brennan: I will give way again in a moment if the hon. Gentleman is dead keen. All right; I will carry on.

The Government are correct in their desire for people to take responsibility for their finances in order to reduce unaffordable debt, but they have to get the ball rolling, which means that they need to find some way of getting this going in our schools.

Julie Hilling (Bolton West) (Lab): Does my hon. Friend agree that although we might want to teach many subjects as part of the curriculum, unless we specify them there is always the risk that they will not be taught? Practical maths has been mentioned, but different parts of the subject might be taught. Some subjects—

I would include emergency life support skills among them—are so important that we must specify that they have to be taught.

Kevin Brennan: I have sympathy with the Minister over the difficulty created by having more and more subjects shoved and squashed into the curriculum. Education Ministers of all parties will know that it is a difficult task as they come under pressure to include all sorts of subjects in the curriculum. My point is that we need to be absolutely clear what we are talking about. If the Government accept the report, they will have to go a lot further than simply including some practical questions in GCSE maths papers. What my hon. Friend the Member for Bolton West (Julie Hilling) said is absolutely correct.

There are examples of good practice out there. I shall not go into them in too much detail, but some schools around the country could link up with local credit unions. This has not been mentioned much in the debate, but it is a great way to encourage responsible saving in community-based organisations and to teach young people about the responsible use of money and about saving.

Yasmin Qureshi (Bolton South East) (Lab): My hon. Friend touches on the matter of teaching. Does he agree that, as statistics from the Graduate Teaching Training Registry obtained by *The Times Educational Supplement* show, from November 2011 overall applications for training courses for secondary maths teaching fell by more than a quarter? Bearing in mind that the teaching of personal financial education is going to require an element of teaching maths, does he agree that the Government should encourage more teachers to apply to teach the subject?

Kevin Brennan: We have heard about those worrying statistics in the course of our deliberations, but my hon. Friend is absolutely correct to emphasise their importance and the need for urgent action by the Government.

We need to get to a point at which all children realise that by saving now they can be prepared for the future, but that is only possible if they get the right sort of financial education. In particular, we should not let children from neighbourhoods of lower socio-economic class suffer because their schools do not offer good financial education. The hon. Member for North Swindon quite correctly said that with the huge increases in tuition fees that young people going to university are facing, there is even more need to give serious thought to what will happen when our children go to university and have to deal with the debts they will incur as a result. In fact, Martin Lewis himself said that

"in the 20 years since student loans came in, we've educated our youth into debt when they go to university, but never about debt."

It is extremely important that we do that.

Tessa Munt: Was it not also the case that Martin Lewis had a very robust session on the "Politics Show" about a month ago when he explained quite clearly that young people should not be afraid of going to university because under the current regime it is cheaper? If they understood the fact that the threshold was £21,000, not the £15,000 it was under the previous Government, the 9% calculation would allow them to be a lot wealthier under the new system than they would have been under the old.

Kevin Brennan: I am not sure they are going to be a lot wealthier, quite frankly, but it is absolutely right that the reality of the Government's proposals should be explained and that there should not be scaremongering. I think we would absolutely agree about that. I agree that it is important that young people should consider applying to university because, ultimately, it is quite clear that that benefits them in the long term. We should be absolutely clear about it. Yes, the changes have reduced the payments but ultimately the fees being paid are much higher. The hon. Lady must accept that the reality is that the overall debt that they are incurring has increased greatly as a result of her party's collaboration in the changes to student finance since the general election.

I want to make a couple more points before I conclude. The Consumer Financial Education Body previously funded the Personal Finance Education Group's budget, but that has fallen by 80% since the spring and the staff has been cut since the CFEB became the Money Advice Service. So far, as I understand it, the MAS has declined to state how much of its £44 million budget was spent on school budgets. I think we would all welcome some clarity on that.

The survey from the all-party group found that in England the provision of personal finance education is ad hoc, with only 45% of teachers reporting that they have ever taught the subject. New research by HSBC has shown that 5.1 million savers under 25 do not know the interest rates on their savings account. If they had received good financial education while growing up, they would be more aware of interest rates. Furthermore, the survey found that a high percentage of people across all age groups had no saving goals.

We need greater financial education and this is a very good and thorough report from the all-party group, but we need the Government to show that they are genuinely committed to ensuring that every child is entitled to a good finance education. I think that is the ambition of the hon. Members who compiled the report we are considering today.

3.48 pm

Andrew Percy (Brigg and Goole) (Con): It is a pleasure to speak in this important debate and I am pleased to see that so many Members have attended, particularly on the Government side of the Chamber, and especially on a day on which there is a one-line Whip and, apparently, a by-election. It is good to have so many people here to debate this important issue. I am also pleased to follow both the Minister and the shadow Minister. I thank the Minister, in particular, for his warm words about our report and for the assurances he has given us about the role it will play in the curriculum review. I also thank the shadow Minister for his warm words, although I think he was trying to push at the edges of political point-scoring—

Kevin Brennan: It is my job.

Andrew Percy: Alas, perhaps it is. I must say, however, that I will not be able to match the exchange of Shakespearian quotes between the two Front Benchers—

Andrew Bingham (High Peak) (Con): The bard from Brigg.

Andrew Percy: I am certainly not, as my hon. Friend interjects, the bard from Brigg. It is not going to happen, alas.

To return to the report, I thank the Minister for meeting me and my hon. Friend the Member for North Swindon (Justin Tomlinson) shortly before its publication. The Minister will recall that I said that if the Government did not take it seriously, I might well end up dousing myself in petrol and setting myself on fire, but I will not have to make that protest any more, not least because I cannot afford the petrol at the current prices and because we have had a positive response.

I thank all my friends on both sides of the House who sat on our inquiry. They included my hon. Friends the Members for Congleton (Fiona Bruce), for Wyre Forest (Mark Garnier), for Newton Abbot (Anne Marie Morris) and for Lancaster and Fleetwood (Eric Ollerenshaw) and the hon. Member for Darlington (Mrs Chapman), as well as myself and my hon. Friend the Member for North Swindon. It was a thoroughly valuable experience and I think we all enjoyed taking part in a cross-party inquiry on such an important issue. Because we conducted it in the way we did, on Select Committee terms and by hearing evidence, I think we all felt that the hours we spent doing that were probably some of our most valuable since getting elected. One can wonder whether a lot that goes on in here is having any impact or making any difference, particularly in some people's cases, but on this issue we all felt that the experience was valuable and that we were engaged in something important.

Some hon. Members will have read our report, which is very comprehensive. I am not allowed to use props so I shall not hold it up. As can be seen from the executive summary, we have recommended that this subject should form part of the national curriculum. We want it to be compulsory across schools, and I shall say something about the mechanics of that in a moment. It is important to get some statistics into the debate about why this is so important. As people who have read our executive summary will have seen, it states that, according to a learndirect study:

> "Two-thirds of people in the UK feel too confused to make the right choices about their money and more than a third say they don't have the right skills to properly manage their cash."

Sadly, we have seen higher and higher levels of insolvency in recent years, and we know that personal debt levels have exploded in the past 10 or 15 years.

I am not part of the generation about whom my hon. Friend the Member for North Swindon spoke. I am part of the generation after, having got on the housing market only last year but with considerable debts, which I have spoken about before. I am not one of those who will see the big increases in house prices that will take care of all those nasty credit card debts.

Let me explain why I got involved in all this. It has been a good partnership with my hon. Friend the Member for North Swindon because he is extremely financially competent, as anyone who knows him will know. Having shared a flat with him, along with another of our hon. Friends, I can certainly attest to his competency in all things financial—and perhaps to his being frugal as well. I am the antithesis of that, having made some incredibly bad financial decisions when I left school and went to university, including getting on the conveyor belt of credit card debt while at university and getting student loans even though that was the year before tuition fees came in. So I left university with an awful lot of debt and then did two years of postgraduate study, which I funded myself, which meant getting into even more debt. I am still paying off those debts today, and I do not mind the education side of them—it is all those other lifestyle debts that one builds up on credit cards that I am still lumbered with to this day.

It has been good to have a partnership of two people with different experiences of managing their debt looking at this issue. I was proud to be in the top set of my comprehensive school in Hull. I was quite bright and managed to get a GCSE in maths at grade C although I have always struggled with maths. I got good A-levels, a degree and postgraduate qualifications but I am still completely and utterly incapable of working out interest payments, APR and all the rest of it. I could not tell you what I pay in mortgage interest, Mr Deputy Speaker—I just pay up every month. I suppose I am an example of the people we have talked about and at whom the report is aimed. This is not moralising about debt. We have been very clear: this is not about saying that people should not get into debt or about educating people never to get into debt; it is about providing people with appropriate skills.

Kevin Brennan: Is the hon. Gentleman at all worried that he has put his name to a report that includes a recommendation that would bar him from teaching in a primary school?

Andrew Percy: I understand that that would not be applied retrospectively—and a very sound recommendation it is on those terms. I shall come on to that in a moment, because I taught in a primary school the year before I was elected, and I had to teach maths. That experience has led me to the conclusion that we should absolutely ensure that primary school teachers have better maths qualifications. Although I did not do them a disservice, the children I taught would have benefited from being taught by somebody who had not struggled with maths as I did. I managed to scrape a GCSE C grade. That is why we have supported the minimum grade of B for primary school teachers.

My hon. Friend the Member for North Swindon outlined most of our recommendations and stole quite a lot of my speech in the process. He also talked about the inquiry process and stole my three bullet points on that too. I have been left with something to say, however. It is important to remind ourselves why this subject is so important. A lot of the research that we looked at in preparing the report was quite frightening. The situation out there is even worse than I expected. Research by EdComs in June 2009 found that by the time children reach the age of 17, more than half of them are or have already been in debt. A YouGov survey in 2008 found that 70% of 18 to 24-year-olds were already in debt. As we have heard, with tuition fees and the way life is today, that figure will not go down any time soon.

A survey by M&S Money found that some 14 to 18-year-olds are given no help with basic money matters by their parents. Indeed, 19% of parents have never discussed with teenagers how to spend money, and 32% have yet to discuss how to budget or even describe what a budget is. Most telling of all is the report compiled in March this year by Credit Action which found that a lack of financial education has cost Brits nearly £250 million in bank charges and penalties alone. I know that we are all grateful to Martin Lewis for helping us to get our money back in those matters.

The lack of financial education is a growing problem. We seem to be sending young people out into the world, which is increasingly financially complex, without providing them with the skills they need. I support the Government's drive to reduce burdens on schools, to slim down the curriculum and to mandate less to schools, but in that process we must never allow ourselves to scale down to the extent that we remove the basic capabilities that we expect our young people to have when they leave school. Our view is that the financial education component should be a key measure.

I listened to the shadow Minister's comments about PSHE. We gave some consideration to that. One of the big fights in our inquiry, not only between panel members but between those who gave evidence to us, was about whether financial education should just sit in PSHE. As a former practitioner who was expected to deliver PSHE, I felt strongly that it was not suitable, not least because it is not examined. As the hon. Gentleman, as a former teacher, will know, and indeed as head teachers told us during the inquiry, if a subject is not examined, schools do not necessarily accord it the importance they should.

For three years, I taught in a very difficult school in Hull, in one of the most deprived catchments in the country. I had to deliver PSHE, but we had so many other pressures on us to raise standards, such as working with grade C-D borderline kids so that in the next year's league tables we would do a little better and would not be picked out by the local media as the worst-performing school. In better-performing—dare I say it?—more middle-class schools, teachers may be able to indulge themselves a little more in developing the PSHE curriculum because they do not have quite the same pressures on them. However, I am afraid that in a lot of schools, despite the professionalism of teachers, the subject often takes a back seat. When the Arun Youth Council and My Money Young Advisers came to give evidence, I asked one young person, "What do you think of PSHE?" His response was, "Well, it's a bit of a doss." Sadly, that is the situation in a lot of schools. Some fantastic work is being done across the country in PSHE, and we were provided with evidence of that and told about it by other young people. Although PSHE is important and must be part of the solution, we concluded that financial education had to be examined so that schools place the necessary emphasis on it.

We made it clear that there should be a financial education element within maths that can be clearly defined and packaged to young people. It is not simply a case of putting in a few questions that look like they are about financial education, as the shadow Minister said. It is about packaging a lot of the education and skills that are already there and saying clearly to young people, "This is financial education, and this is why we are doing it." We can also help to improve the importance placed on PSHE, which is already taught in schools, because it will be used to support the drive for standards in mathematics. I think that that provides a real opportunity to raise the profile and importance of PSHE across the country.

I will give a couple of examples from our report to demonstrate this. As my hon. Friend the Member for North Swindon said, we did not want to come up with a wishy-washy report that said it would be easy to have financial education, knock on the Minister's door and have him say, "Thank you very much. It looks lovely, but I am afraid that it's not going to happen." Therefore, we have tried to work in the direction of Government policy and to provide practical solutions.

Members who have looked at the report will have seen that on page 38 we demonstrate clearly where in the maths curriculum the financial education elements can fit nicely—we are grateful for the help we had from mathematicians. Those have been split into three headings: money and transactions; risk and reward; and financial landscape. The money and transactions elements includes being able to do compound interest calculations with a calculator or spreadsheet, to set up a spreadsheet to do calculations involving percentages and to use foreign exchange rate information to make calculations. For financial landscape, the competencies include the ability to do reverse percentage calculations and to work out an inflation rate for a given time period, which is very important and something we hear a lot about. That involves real maths skills, not wishy-washy stuff at all.

That can be supported over in the PSHE curriculum by talking to young people about the products that they might have to make choices about. For example, we can talk to them about managing money, budgeting, the subjective issues of risk and reward and what is right for them in particular situations. That is not something we felt could fit easily into one or other area, which is why the solution we have come up with is deliverable within the current curriculum without putting extra pressures on schools.

One of the recommendations that has been referred to is that of having a co-ordinator on this in schools, and that should be someone from the senior leadership team within the school. That is important, because one of the big drivers when I first started teaching in the early 2000s was the drive towards more cross-curricular working, and it happened for a bit and then we lost focus on it. Having someone at a sufficiently senior level within the school to drive that cross-curricular agenda and link the two subjects is important, and the educational professionals who came to speak to us were very supportive of that approach.

Nick de Bois (Enfield North) (Con): My hon. Friend raises an important point about the leadership coming from within schools, but does he agree that there might also be a role for the private sector and financial institutions to lend their support to make pragmatic advice available?

Andrew Percy: My hon. Friend must have been reading my notes over my shoulder, because that is exactly the point I was about to move on to. I will be brief, because I know that other Members wish to speak. We took a lot of evidence from financial institutions and banks, and one of the challenges we set out for them in the report relates to training. It would be pointless if I went

[Andrew Percy]

in to deliver financial education to any of my pupils, because I am not financially competent, so there is an issue of training. But we have identified that role as one that financial institutions could work on more closely. They do a lot already, and anybody who knows Barclays will have seen its money skills programme. I visited Barclays in my constituency recently, and through the fantastic Sobriety Project it was doing some excellent work with Goole high school students who are at risk of exclusion and with vulnerable young people in the town.

Nationwide has a programme, and so does Capital One. I do not want to risk missing out any institutions, but many are already engaged in financial education, so we have set them the challenge of coming together, getting their resources kitemarked and perhaps being co-ordinated by a charity. Financial institutions have a real role to play in supporting such education in the curriculum, and in helping to develop the training to which my hon. Friend refers.

I am aware that many other Members wish to speak, but I shall just mention a couple of other organisations that support our proposal, as they should be read into the record if nothing else. First, and most importantly, there is one in my constituency. After the report came out, I was inundated with e-mails from various organisations, one of which I received from one of the two credit unions in my constituency, Hull and East Yorkshire Credit Union, to which I think the shadow Minister referred. It informs me that it would very much like to support our campaign on financial education, because it is very much in line with the ethics and objects of its movement.

Nationwide contacted us to say that

"the report looks very comprehensive and is something Nationwide very much welcomes."

The Money Advice Service issued a statement to

"welcome the APPG on Financial Education & Young People's report on Financial Education and the Curriculum."

We were congratulated by the Scout Association, which also has an interest in the area, and the Institute of Chartered Accountants in England and Wales

"call on MPs to back the introduction of mandatory financial education during Thursday's debate."

So there is a lot of support from a range of institutions and organisations.

Finally, I emphasise again that our proposal is not about watering down the curriculum, nor is it a wishy-washy thing with which to moralise about debt. It is about real maths skills; about using real-life experiences such as phone contracts, student tuition fees, mortgages or whatever to support the drive for standards, about which we are all passionate and we know the Minister is absolutely passionate; and it is about ensuring that young people enter this complex financial world with the skills to make better decisions than I, and many other people who have gone before them, have made.

Several hon. Members *rose*—

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. I do not want to introduce a time limit, but I am very concerned about the amount of time being taken. At this rate, we are not going to get everybody in, so we need a little discipline, because the winding-up speeches will have to start at about quarter to 6. We should bear in mind that, if people are going to speak for 19 minutes each, other people will not get in, and I want to ensure that everybody gets in, so self-discipline will be very helpful if we are to look after each other.

4.7 pm

Yvonne Fovargue (Makerfield) (Lab): Thank you, Mr Deputy Speaker. I can promise that I will not take too long over my speech.

It is always a pleasure to follow the hon. Member for Brigg and Goole (Andrew Percy), and I congratulate the hon. Member for North Swindon (Justin Tomlinson) on the all-party group and all Members who have contributed to the report.

I was lucky enough to be involved with a financial education project for 10 years when I worked for Citizens Advice in St Helens, and we started from a very low base, with schools that had never before thought of having such a project. We also worked with tenants' and residents' groups and with a wide range of organisations, and I was fortunate to employ a passionate member of staff who gained the first-ever teaching qualification in financial education. That was vital in moving our project forward into schools, because we found that teachers were not confident about teaching the subject. They understood that it needed to be taught, but they did not have the confidence to include it in the curriculum.

I therefore totally support the idea of a financial education champion in schools, because in our work we found that the maths department was not always the one that came forward. In one school in which we worked, the drama department was keen on the idea, and an excellent play, which I think is on a website somewhere, was written about the three little pigs living in their houses. We also offered qualifications, including the ASDAN qualification and open college network qualifications, so schools and organisations involved in the Work programme, with which we also worked, could offer qualifications to young people. That was important in making teachers realise that financial education was an actual subject. It was not an add-on; it was an important part of the curriculum.

However, as my hon. Friend the Member for Cardiff West (Kevin Brennan) mentioned, there was an unexpected side-effect; we had not anticipated the rise in the number of parents coming to us with their debt problems. Students would go home and say, "Today I learned all about annual percentage rates. Let's have a look at our household finances as an example." The parents would sit there and think, "We're beginning to hit a problem here. We are noticing that we cannot pay all our bills and that we're borrowing on one credit card to pay off another."

There absolutely needs to be a referral mechanism for advice about debt. It has to be sensitive and local. As my hon. Friend also mentioned, it could be the local citizens advice bureau. We were fortunate; somebody from the CAB delivered the financial education classes and they could talk to the parents and refer them to a specialist money adviser.

The only thing that I would like to take issue with is the part of the motion that mentions "irresponsible" debt. I can honestly say that in 24 years of working for a

citizens advice bureau, I never saw anyone who had aimed to get into debt. Debt was often caused by irresponsible lending; innumerable people came to us with debt, cut up their credit cards, sent them back and were immediately sent a new credit card. Now, obviously, there is also the rise of the payday lenders, who will roll over debts when people say that they cannot pay them. I really feel that there needs to be regulation on that.

Most people take out loans intending to pay them back, whatever the level of interest. However, anyone's circumstances can change. One of the most distressing cases that I ever saw involved somebody whose child was born with a disability. They had taken out an awful lot of loans to pay for the conversion of their property and were relying on the disability benefits for the child, who died unexpectedly. They were left with a mountain of debt. That was responsible, not irresponsible, borrowing. We need to look at the causes of debt. I agree with the hon. Member for Brigg and Goole—we should not be moralising. Debt happens. It could happen to any of us. If a person walks down the street and gets hit by a car, they are likely to end up not being able to pay their bills.

I also agree with my hon. Friend the Member for Darlington (Mrs Chapman), who is no longer in her place, that education is only 25% of the solution. Debt advice has to be available and there has to be regulation on the advertising by payday lenders and debt management companies, which offer to get people out of debt but often push them further into it, to make sure that they do not make a bad problem even worse.

Lyn Brown: May I ask my hon. Friend the question that I asked our hon. Friend the Member for Darlington (Mrs Chapman)? Does she, like me, see more such cases in her surgery week by week? Are there fewer people offering good-quality and independent advice who we can refer constituents to? Is that not the biggest problem that many of our people face at the moment?

Yvonne Fovargue: I completely agree. I am extremely concerned for the future, when the transition fund ends. To be honest, I do not know where the advice agencies are transitioning to—some are transitioning to oblivion. There is also the ending of legal aid for debt. The Minister mentioned the importance of early advice. Much of the funding for early advice is going, because legal aid funding is now for advice only at the point of eviction, which is absolutely not cost-effective.

Yes, I totally support the idea of compulsory financial education in school, but it has to be part of a package. Part of the package should be to ensure that people do not get into debt with payday lenders, do not go to the fee-charging debt management agencies but do have access to early advice to help them when they realise that they are getting into debt. They need to be able to realise when the debt is becoming a problem.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): I have been in another debate in another place, so forgive me for intervening, but when I was Chair of the Select Committee on Education and Skills, we did a lot of work on the issue. We found that many financial institutions put money into CABs. Would my hon. Friend encourage the private sector to carry on with that? There are many demands on its time, but Nationwide particularly was putting money straight into the CAB.

Yvonne Fovargue: I would certainly encourage that, but I would like to see a more strategic approach to debt. I would hope that the Money Advice Service provides that. However, it would have to have the money to be able to provide such a service. There is no use having a strategy but no money to give to the organisation. It is no use putting money into debt advice if the generalist advice to support it is not there. The agency depends on all levels of funding and a lot of it is going.

I support the motion and hope that we can look at a package of measures to tackle the rising problem of debt and personal insolvency.

4.15 pm

Duncan Hames (Chippenham) (LD): I add my congratulations to subscribers to MoneySavingExpert.com on petitioning us for this debate. I also congratulate my hon. Friend the Member for North Swindon (Justin Tomlinson) not just on securing the debate but on his work in steering the all-party group on financial education for young people, on which I am pleased to serve as vice-chair. The group's report is a credit to my hon. Friend the Member for Brigg and Goole (Andrew Percy), who has led the inquiry.

I have been leading a strand of the group looking at financial education in further education, so my remarks will draw on the relevant insights of that inquiry, which will issue its full report in the new year. I have been joined in that inquiry by the hon. Member for Scunthorpe (Nic Dakin) and I extend my thanks and appreciation for his involvement and expertise and that of my hon. Friend the Member for Wyre Forest (Mark Garnier), who also participated in our inquiry.

Like all hon. Members, I am particularly fortunate when my own constituents contribute to my work, and it would be appropriate to make particular mention of two who have been in touch with me about the issue: Caroline Stephens and Trisha Snowling. Caroline is a maths and personal finance teacher who has campaigned tirelessly to promote the cause, not just through her work but by writing to councillors and MPs to alert them to current developments from a practitioner's point of view. Trisha has a breadth of experience in financial careers and has been an articulate correspondent on the issue in recent months. She summarised to me neatly the consequences of a lack of financial literacy for people's ability to spot a bad deal in later life:

> "They don't bother to read the small print on a finance agreement—why would they? It'll be in a language they didn't study at school."

Our inquiry set out to look at the response to the issue in further education to identify what distinguishes the experience in that sector from that in schools. Since there had been little assessment or co-ordination of colleges' approach to personal financial education, the group began by conducting a nationwide survey of current practice in colleges. An overwhelming majority of survey respondents—nearly 97%—thought that financial education should also be provided in further education institutions and 84% of responding colleges believed that students' inability to manage their finances was a cause of failure to complete their courses, which should worry all of us who want young people to have the best possible chance to equip themselves for working life.

[Duncan Hames]

We supplemented the survey with oral evidence sessions to test those initial findings against the experience and expertise of college principals, student service managers and students themselves. An oral evidence session a fortnight ago bore out many of the survey's emerging conclusions about students' financial awareness. We welcomed an impressive group of students from two colleges in London to hear their perspective on both the financial education they had received so far and their attitudes to money more generally. The students we met were of course those who have really engaged with this learning opportunity. However, I was most struck by the fact that, although they understood about saving, they themselves identified that they did not know much about borrowing or debt. They also emphasised the importance of their family background and home environment, not necessarily to the specifics that they had learned, but to their underlying attitudes to money and their confidence in dealing with it.

A dominant theme of the inquiry's evidence so far is that there is good financial education provision in a number of colleges around the country, but that it does not reach anything like the majority of students, even in the colleges that are leading the way. The reduction of entitlement funding, which some colleges were using to deliver their personal financial education through tutorial time, has had an effect on the sector's ability to deliver such education. However, the evidence that we have received suggests that provision was sporadic even before that funding change. It seems that some colleges may have considered that modest provision within tutorial time as sufficient.

We heard some compelling accounts of quite sophisticated offers of financial education from City college Norwich and New college Swindon. However, even such colleges that are heavily geared towards financial literacy and business education are enticing only some of their students to take up their financial education offer.

What we have seen so far is that financial education is most effectively delivered when it falls naturally within a student's chosen core curriculum. In further education, there is a wide array of opportunities to provide that. Where that is not the case, there are many challenges in achieving the required coverage of financial education in a student's programme.

Mr Sheerman: I am impressed by what the hon. Gentleman is saying about his research. Has there been any indication of what are the most successful online tools? Just as the Government are keen on using online facilities for careers education, does he think that that would be a good way to learn about debt and credit?

Duncan Hames: We were made aware of online resources that students could use to supplement lectures that were available as part of their further education college's provision. I think that it was at New college Swindon where students could register for an additional qualification to supplement the choices that they were already making and their normal lectures, which was largely learned independently and had testing arrangements which allowed them to study at their own pace. I offer that as one example in answer to the hon. Gentleman's question.

The inquiry's forthcoming written report will go into greater detail about the nature of the challenges that we saw in further education and the means that we suggest to address them.

I will end with a few remarks about what the inquiry has told us about financial education in schools. The evidence shows that further education as a sector is defined by choice and provision for a diverse range of student needs, from basic literacy and numeracy to running a business or preparing to attend university. That means that the starting position of college students reveals the results of their previous education, which might not have equipped them with the capability to deal with the challenges that students increasingly face, including their financial responsibilities.

I therefore argue that financial education in schools needs to lay a universal foundation or baseline in financial literacy for every student. Students who go on to further education will be able to build on that by using qualification-based study, which further education colleges are in a good position to deliver in a wide range of curriculum choices. That would allow those who have benefited from financial education in the school curriculum to progress later in their education. It would also limit the extent to which further education colleges have to, in the words of one witness, "play catch-up" and help students to retread what they missed in their school years.

I know that time is short, so I will conclude by encouraging Members to look out for the APPG's second report in the new year and by urging them to support the motion.

4.24 pm

Mark Garnier (Wyre Forest) (Con): It is a great pleasure to follow the hon. Member for Chippenham (Duncan Hames), who is doing a lot of work on the further education part of the all-party group's inquiry. I have had the pleasure of being in a couple of his inquiry sessions. I extend my appreciation also to my hon. Friend the Member for Brigg and Goole (Andrew Percy), who has done a fantastic job of chairing the evidence sessions that have resulted in the group's report, and to my hon. Friend the Member for North Swindon (Justin Tomlinson), who has done a really outstanding job in putting the group together. As we have heard, it has had record membership right from the start. It would be wrong of me to start my speech without also expressing my appreciation of Martin Lewis, whom I met when he first came before the Treasury Committee. He was not only an extraordinarily fine witness but quite an inspirational one.

I come to the subject from the point of view of being a member of the Treasury Committee. The House has heard a lot from teachers and from Members with constituency experience, but I consider the matter with regard to how we run the economy of our country and deal with the crisis that faces us.

When we as a society send children to school, we do our very best to equip them to face life and give them the best opportunity possible to have a successful life and career. We teach them basic subjects such as maths, reading and writing, computer skills, sex and relationships education and how to be good citizens. That is all extremely good and important, but we signally fail to

equip people to be financially literate. The evidence of that is all around us. We are one of the most personally indebted nations on the planet, with a staggering £1.5 trillion of personal debt. That is about £25,000 for every man, woman and child. To put that into the context of more meaningful numbers, this country has about 10% or 11% of the population of the EU, yet we have 50% of the personal debt. That is quite a frightening statistic.

As constituency MPs, we see on an all too frequent basis people coming to us with financial problems and, as we have heard, Citizens Advice is seeing a ballooning of debt problems. We are in the midst of a financial crisis, and the banks are accused on a daily basis of causing it. They are quite rightly accused of making irresponsible loans to customers in the housing market, yet we all too frequently gloss over the elephant in the room. For a bank to make an irresponsible loan, it needs an irresponsible consumer to take on that debt. Our response to that situation is to increase the regulation of the financial system, and in so doing increase the cost of financial services to consumers.

It is absolutely right that we examine the regulatory system carefully and do our very best to ensure that we neither have a repeat of the financial crisis nor walk into the next, as yet unidentified, financial crisis. However, part of the solution to the current problems has to be greater financial literacy. We would not have irresponsible borrowers taking out irresponsible loans if they knew what they were doing.

Another topic that we have heard about this afternoon is payday loans. We know that as many as 3 million people will take advantage of that service in the next year, and in some cases they will pay annual percentage rates in the thousands. Yet someone could easily pay a higher rate of interest on a small, unauthorised overdraft, by the time the cost of the levy from the bank, the interest and the penalty charge has been taken into account. However, our response is to consider harder regulation of payday loans. Surely the answer is greater financial literacy, so that an individual is less likely to need any sort of loan.

Kevin Brennan: Would not another possible answer be regulating unauthorised bank overdrafts with more rigour?

Mark Garnier: I want to get away from the need to regulate everything. We need to ensure that people are in a stronger position to manage their own money and accounts properly, so that they do not get into that problem in the first place. If they did get in trouble, they would be in a far better position to evaluate the best solution.

Kevin Brennan: I accept the hon. Gentleman's point of view on deregulation, but does he not see the paradox in supporting the all-party group's report, whose first key recommendation is that personal financial education should be a compulsory part of every school's curriculum, while also supporting the deregulation of the schools system, which would ensure that schools did not have to teach anything of that kind compulsorily?

Mark Garnier: That is a neatly and well made point, but the hon. Gentleman will remember my hon. Friend the Member for South West Norfolk (Elizabeth Truss) making the point that, by having financial education in the curriculum, we would not just provide for directly funded schools but provide a lead for other schools to follow. That is an incredibly important point.

The Money Advice Service is part of the solution. It announced earlier this week the start of a new strategic oversight function for financial education. I shall quote from its press release, because it is always very good to hear such excellent civil service-speak. It says that the review is

> "to inform and improve the provision of financial education for young people in the UK. Firstly, mapping the range of education initiatives funded by the financial services industry, to create a single view of the landscape; secondly, commissioning new research into education and behaviour change - to both identify global best-practice in the field of financial education; and examine whether successful types of intervention in other fields, for example health or drug education, can be applied to the area of money."

That sounds fantastic, but there is a simple solution, which we keep repeating: we should put financial education on the curriculum in schools. We should get the Money Advice Service to concentrate on those adults who have not had the chance to get a financial education so far, and who are in desperate need of it to help them to deal with the problems that they face as a result of being financially illiterate.

As part of the all-party group inquiry team, I heard a great deal of interesting comment. I think I went to almost every single meeting, although I might have missed a couple. As we have heard, help is out there. Financial institutions go into schools to assist with financial education, but many teachers feel intimidated by the subject, presumably because they in turn did not receive a financial education. We have also heard that provision is sporadic: sometimes financial education is very good, but sometimes there is none at all. One member of the Arun youth council said that his school spent more time teaching him how to put on condoms than they spent teaching him about money. It was a thin day for bananas that day at his school.

The question is: how do we get financial education into the curriculum and where do we put it? Of course, there is a maths element—frankly, financial education is the type of thing that could enhance maths teaching. Teaching a child about compound rates of interest is not an exciting subject, but teaching a child that buying a pair of football boots for £125 on a credit card with an APR of 26% and paying that over six months will cost him a lot more than if he paid cash gives that child both a good example of how maths works and a lesson in financial facts.

If I were Martin Lewis, I would be able to work out in my head what that compound rate of interest would mean, but I was an investment banker and I am afraid I am completely unqualified to do so, as I would be if I were a footballer. However, to limit financial education to maths would be a huge mistake. Although maths can handle the quantitative side of things, it can do nothing about the qualitative side. We need people to make solid, judgment-based decisions. Maths will give people the skill to answer the question of whether they can afford something, but the question of whether they should buy something is just as relevant.

If I live in the centre of a city, the question of whether I should buy a car is a relatively simple one—there is plenty of public transport so I might not use it, parking might be a problem and so on. However, for an

[Mark Garnier]

unemployed person living in the country with just a few hundred pounds to their name, the question of whether they should spend their last savings on a car so that they can find a job and make themselves more employable or keep the money to live on is much more difficult to answer. Many people are simply not equipped to make such a subjective evaluation.

Mr John Redwood (Wokingham) (Con): Three constituents have written to me to congratulate my hon. Friend and colleagues on the work they have done on this matter. They said how important their work is and hope that it results in some improvement.

Mark Garnier: I am incredibly grateful for that intervention and thank my right hon. Friend very much indeed.

To continue my point, if we equip the next generation to answer the supplementary question to the one I just described—should I set up a business with my last few hundred quid?—we will begin not only to address the financial independence of our citizens, but to find the key to unlocking economic growth in future.

The fact that we are questioning whether financial education should be on the curriculum is a mistake. I fail to understand why it has not been on the curriculum for years. As we have discussed, the APPG has just published its report. The Minister has shown great interest in it and has read through it. We will keep pressing to ensure not only that he reads it again and again, but that he initiates its recommendations.

I shall conclude by mentioning the work of organisations such as PFEG, which we talked about earlier. Its work is incredibly important—it does a valuable job promoting financial education and co-ordinating the efforts of the financial services industry to get expertise into schools—but we must recognise its efforts by delivering the ultimate goal: a curriculum-based financial education which addresses not just maths and the quantitative elements of money management, but the qualitative and judgment-based elements of financial literacy.

4.34 pm

Fiona Bruce (Congleton) (Con): I apologise to you, Mr Deputy Speaker, and to the Minister if it turns out to be necessary for me to leave the Chamber before the end of the debate.

It is almost a year to the day since I spoke in this Chamber about the need for better financial education in schools. I talked about the patchy or non-existent current provision in so many schools and about the sad results of the lack of financial capability, which I witnessed over many years in my community law firm. It was apparent not only in the levels of debt but in the breakdown of relationships and health. There is a huge cost to society of providing debt advice—essential though it is. Currently, citizens advice bureaux receive around £27 million, much of which is for debt advice.

The main thrust of my argument then was that better financial education is necessary because prevention is better than cure. Shortly after I spoke, the all-party parliamentary group on financial education for young people was founded. I am sure that I speak for all my colleagues who have served on the parliamentary inquiry into the need for better financial education for young people in schools when I say that it has been a real privilege to serve on that inquiry. It has been one of the most fulfilling roles that I have undertaken in my short time in this House. I pay tribute to the chairman of the group, my hon. Friend the Member for North Swindon (Justin Tomlinson), and to the chairman of the inquiry, my hon. Friend the Member for Brigg and Goole (Andrew Percy), for their vigour in leading this work and for the fact that this week, a substantial report on financial education and the curriculum has been published. I have to say also that they have stolen all of my good lines.

During the course of the inquiry, we took evidence from dozens of witnesses. I pay particular tribute to two witnesses from my constituency. David Black, who has recently retired, was head teacher of Alsager high school. He has spent years co-ordinating volunteer educators who advise young people in schools in Cheshire and train teachers to deliver financial education under the banner of "debt cred". Will Spendilow of New Life church, Congleton, was one of those volunteer educators. Last year in Cheshire, 7,000 pupils benefited from this "debt cred" advice. Those pupils are fortunate, but what of the many across the country who receive no such advice? Even more worrying is the fact that many teachers do not feel up to the task of teaching financial education.

Our inquiry found that the whole area of financial capability urgently needs addressing. Some 70% of 18 to 25-year-olds are in debt. People in their 20s are the least capable age group in making ends meet, choosing financial products and balancing a budget. This lack of financial capability has cost Britain nearly £250 million in bank charges and penalties alone, and 71% of people say that a lack of basic financial understanding is to blame for debt.

While young people are faced with a financial world of baffling complexity, they are vigorously targeted at an early age by retailers and lenders and assaulted by a consumer culture that raises for them unrealistic lifestyle expectations. Our report found that two thirds of people in the UK feel too confused to make the right choices about their money and more than a third say that they do not have the right skills to manage cash.

In the 12 months to the third quarter of 2011, approximately one in 361 people became insolvent, which is significantly higher than the annual average of one in 1,655 people over the past 25 years. It was clear to us that without fundamental changes to the way in which individuals manage their money, the problem would continue to grow. Financial education is a long-term investment and a solution to what is now a widespread national problem. Teaching people about budgeting in their personal lives is also an essential basic component to equip the work force with the necessary skills to succeed in business and drive forward economic growth.

Where will young people improve their financial literacy, the costs of which are clearly set out in our report, if not in school? It is not from their parents; our inquiry found that a third of teenagers' parents had never talked to their children about budgeting. They will not learn it from the banks; the era of the trusted family bank manager who knew people and took a personal interest in their financial welfare has long gone, although many banks do provide support for financial education

in schools, which is valuable. It would be wrong to rely on voluntary organisations to give advice, although many do provide excellent advice; Christians against Poverty, which was originally founded to help those in debt, has now moved into the proactive area of providing courses on personal financial management, and I commend it for that. However, such organisations should not be relied on to provide financial education, particularly in schools. That void makes it essential for financial education to be taught in schools to all young people before they enter the world of work and are faced with some of the financial challenges to which I have referred.

Let me now comment on the recommendations. The first is that personal financial education should be a compulsory part of every school's curriculum, and that it should be assessed. David Black, whom I mentioned earlier, has said:

"Unless you test, it will not happen."

I recall an amusing exchange at one of the inquiry's evidence sessions. I said, "As a mother of two teenagers, I know that nothing focuses a pupil's mind like an exam." One witness responded, "And nothing focuses a teacher's mind like an exam." We also found that in 20 countries across the globe financial education is already compulsory, and has been for many years. It would be interesting to see whether they share our nation's debt problems.

Kevin Brennan: The report says, and the hon. Lady has just said as well, that personal financial education should be a compulsory part of every school's curriculum. Does the hon. Lady mean that the Government should make it a compulsory part of every school's curriculum, or was that merely an exhortation that she thinks should be out there in the ether?

Fiona Bruce: I believe that it is such an important issue that space should be made for it in both the PSHE and the maths curriculums. Another of the recommendations makes that very suggestion: that financial education should be cross-curricular, overlapping with maths and PSHE. Pupils made it clear to us that they enjoyed financial education. One said:

"I thought it was really interesting because, personally, I learnt a lot and a lot of my peers said they learnt lots too."

We all know that we learn more when we enjoy a subject, and it seems that including financial education in the maths curriculum could well aid maths learning overall, which would be an important added-value benefit.

Again and again, teachers told the inquiry of their sense of inadequacy when it came to teaching financial education. It was almost a refrain. They talked of significant barriers to teaching it well, particularly their own lack of confidence in their knowledge of the subject, as well as a lack of awareness of suitable resources. One of the most important recommendations in the report is to establish a quality kite mark from a trusted body, which would assure teachers that if the subject took up valuable curriculum time, that time—if Members will pardon the pun—would be well spent.

The last recommendation that I would like to mention—by no means the least important—is that there should be a financial education champion in every school. Another head teacher giving evidence to the inquiry said:

"if you asked me for the number one thing, and that is to have a senior member of staff responsible for it as the champion, who has enough resources or enough clout to draw people to work at it. Then you will find it will come together."

It is vital to ensure that members of the next generation are better equipped than those of the present generation to make informed financial decisions, for the sake of their well-being and that of our whole society. That applies to a host of areas: mental and physical health, relationships and family life, career prospects and entrepreneurialism. I believe that, over time, investment in financial education will reap exponential benefits for our society, and I urge the Minister to give constructive support to the recommendations in the report that was published this week. Let us work towards prevention rather than cure.

4.43 pm

Andrew Bingham (High Peak) (Con): I am delighted to follow my near neighbour, my hon. Friend the Member for Congleton (Fiona Bruce).

Like many others who have spoken, I congratulate my hon. Friend the Member for North Swindon (Justin Tomlinson) and his colleagues not only on securing the debate, but on their continual hard work, the pressure that they have put on the Government, and the publicity that they have secured—including the use of Martin Lewis to press home the importance of the issue. The launch of the all-party group on financial education for young people attracted more than 200 Members of Parliament, and it is now the largest of the all-party groups. I congratulate it on its report on financial education, which was released this week and which deals comprehensively with the subject.

I do not wish to be labelled a grumpy old man—I am sure, though, that my hon. Friend the Member for Brigg and Goole (Andrew Percy) will soon label me one—but I must refer back to when I was a lad.

Andrew Percy: It was in black and white then.

Andrew Bingham: Yes, it was.

I remember my late father taking me to Williams and Glyn's bank to open my first bank account and my walking out proudly with my Williams and Glyn's plastic piggy bank, which I suspect I still have somewhere and is probably worth a lot on eBay. They say that servicemen can always remember their Army number; I can still remember my bank account number from that day.

When I came of age, there were few temptations for somebody my age to acquire extra funds or credit. In those days, it was the bank or it was nothing. Credit cards were unavailable without a parent or guardian to guarantee it and wages were paid in cash. Consequently, we lived in a pay-as-you-go world—to coin a modern-day phrase. We were not educated in financial matters in school in the 1970s, because there was not the multitude of financial opportunities—and, indeed, pitfalls—available to young people today.

When I refer to young people, I do not refer exclusively to school leavers but to those who left school a few years ago, have built up savings and are now plunging into the world of credit or embarking on the next stage of their life—getting their first mortgage or signing a tenancy agreement—and who require financial knowledge to navigate these potentially treacherous waters.

[Andrew Bingham]

When people turn on the television today, read the newspaper, surf the internet or look at magazines, they are bombarded with adverts offering them cheap money, easy money and, in some cases, apparently free money. In fact, some claim that it is possible to borrow enough money to get completely out of debt. When we pick up the Sunday newspapers, out drop a multitude of pieces of paper, one of which is usually advertising cheap money.

Borrowing money is inevitable, and we all have to borrow at some point in our lives, whether for a mortgage or whatever, but it is important to do it prudently—a word from the past—and sensibly. To do that, people need to understand what these companies are offering, to read beyond the quick, snappy headline and to make an informed decision. To do all that, they need to understand finance, the methods by which it can be obtained, the cost of that finance, the conditions attached and, more importantly, the short and long-term consequences of failure to adhere to those conditions.

Not only must young people contend with this wealth of advertising and pressure, but they live in a very different world from that of their predecessors in my generation and that of many in the House. As has been alluded to, they have phone contracts, credit cards, payday loans, tuition fees, store cards—the list goes on and on. These are all things that are part of modern-day life but which were either unheard of or unavailable in days gone by. Added to that, there are many alluring ways of paying for luxury goods—televisions, holidays and so on—that appear to be completely free of any credit charge yet are full of pitfalls buried in the small print.

How many people realise, when they buy a television on a buy now, pay later deal, that if they miss the payment date, they are automatically locked into a three-year finance agreement potentially on an annual percentage rate that can be more than 20% and perhaps as much as 30%? Indeed, how many actually understand what APR really is?

And how many people understand the pitfalls when they get older and decide to buy a car? A car might be advertised with low monthly payments—"You can have this car for £159 a month", the advert might read. However, it might not explain until the small print that at the end of the term the person will not own the car, because a significant final amount will still be outstanding—balloon payments, they are sometimes called—and that, if unpaid, they will have to give the car back and have nothing to show for it.

We live in a world where peer pressure exerts a huge influence, especially on young people, to have the latest mobile phone, trainers or designer clothing. It matters very much to young people and it drives their shopping habits. When that is coupled with the myriad easy ways to pay, we have a cocktail of debt and ensuing misery.

Financial education will not stop that—after all, people will always want to buy goods; the economy depends on it—but I believe that financial education will do several things. First, it will enable people to tell whether a deal is as good as it seems. There is an old adage: "If it looks too good to be true, then it usually is." Financial education will enable young people to ascertain whether a deal is good or not, and see what the total potential cost is of the iconic item that they feel desperate to own. Being armed with that knowledge might not prevent them from buying that item, but they will I hope make a rational, informed decision and ask themselves whether they need it and whether they can really afford it. In the long term, that will spare people much misery, as well as the further consequences that excessive debt can have for people personally and for their families. As was said earlier—by an hon. Gentleman who is no longer in his place—that knowledge will also enable people to make decisions about savings. This is not all about debt: it is about savings, investments and pensions. On the Select Committee on Work and Pensions, we are looking at auto-enrolment and how to judge one pension against another. That is another story, but having informed financial knowledge and advice could help people to make better decisions about such matters.

Several years ago I produced an e-book, which was designed to plug into a computer. It was called "Living On Your Own" and was aimed at students leaving home to go to university and living away from their families for the first time. It dealt with all the issues that many of us take for granted: council tax, rent, utility bills, registering with a local GP and so on. It even had some easy-cook, healthy recipes. The book also contained an interactive budget planner, in which students could enter all their incomings and outgoings, and which gave a figure for how much money they had left at the end of the week or month. If they were overdrawn, the figure went red. We gave the e-book away to students—I think we gave away 200—and those who got back to me said that the most useful thing in it was the budget planner, because it showed them in simple, stark terms whether they were living within their means or beyond them.

There is a further implication of our young people not having the level of financial literacy they need when they leave education. Those young people are the next generation of our wealth generators, entrepreneurs and business builders. They are the people we will look to in five, 10 or even 20 years to build businesses, create jobs and grow the economy. We cannot expect them to be able to do that successfully if we do not give them the tools they need while they are being educated. Anyone who goes to the bank for an overdraft or business loan has to have a business plan and know how best to make the money work so that their business can survive. If we do not get this right, we will not have those people and we will pay the price later.

When I was at school, we did subjects such as metalwork and woodwork. I can turn on a lathe and wooden lathe—

Andrew Percy: Show-off!

Andrew Bingham: It is not a question of showing off: my hon. Friend never saw the results. In fact, my mother still has the table lamp that I made at school in woodwork to this very day—

Damian Hinds: Still waiting for it to come on!

Andrew Bingham: I didn't do the electrics; I left that to my dad.

Schools have moved on. They now teach subjects such as IT, media, technology—

Andrew Percy: French.

Andrew Bingham: I wouldn't go that far.

Education moves to fit the world it provides for. I fully support today's motion, as education needs to move again to suit the financial jungle that is the world in which we operate today.

4.53 pm

Mr Robin Walker (Worcester) (Con): I join colleagues in congratulating my hon. Friends the Members for North Swindon (Justin Tomlinson) and for Brigg and Goole (Andrew Percy), and all hon. Friends and colleagues who have contributed to this excellent report. I am pleased to hear the Minister's clear statement that the report will feed into the curriculum review. Like many Members, I have come across some terrible cases of constituents who have found themselves in dire financial trouble as a result of not having the tools to understand financial matters. It is tragic that such situations arise as often as they do, and with the growing complexity of the financial marketplace, combined with the growing ease with which people can access it, the case for the Government addressing financial education is stronger than ever.

It is welcome that the coalition Government are in the process of undertaking a curriculum review. I support the clarity of vision with which Ministers have carried through this and the many other vital reforms of our education system. I understand the Secretary of State's desire to simplify and slim down the core curriculum to focus on the essential subjects that will enable us to compete in the 21st century, and to ensure that it is uncluttered, with a strong emphasis on numeracy and literacy. However, like many other colleagues, I believe that personal financial education is one of the elements that are vital to our ability to compete in this century and protect the life chances of our constituents.

As my hon. Friend the Member for Wyre Forest (Mark Garnier) neatly set out, financial education also has enormous relevance to the national scene today. Today's debate and the excellent report of the all-party group on financial education for young people provide valuable tools for dealing with that problem, both nationally and locally, in all our constituencies. We need financial education that gives people a clear understanding of budgeting, as my hon. Friend the Member for High Peak (Andrew Bingham) pointed out, and of the costs and uses of debt.

We should not see financial education as an entirely negative problem; it should also provide an opportunity. More financially educated students today will be better placed to be the next generation of business people and entrepreneurs tomorrow. Businesses are crying out for greater financial skills, and by providing better financial education we can meet that need and provide those skills. A higher degree of financial literacy among the public will also mean people are better able to see and understand the problem of balancing budgets at the town hall and in Whitehall, and the costs of long-term debt. Vitally, it means that fewer people will get into financial difficulties in the first place, which bring such huge financial and social costs to themselves and their families.

One of the many constituents who urged me to take part in this debate wrote to me to say that financial education was

> "a hugely important concept. Unfortunately I got myself into some financial difficulties in my early 20s and for the last 5 years I have had to work 2 jobs in order to repay the debt. I have very little spare time and am unable to afford holidays or luxuries that others take for granted. I still have debt to pay off but I now ensure that I keep myself educated financially to make sure that I am getting the best financial products for my needs. I have learnt the hard way, but if this education was provided in schools, I feel fewer people would end up in the situation I found myself."

That provides a perfect illustration of why this debate is so important, but why is it so important right now?

We face a crisis of debt and, as Martin Lewis has pointed out, we live in a time when the stigma of debt has somehow been diminished. We also live in a world where we are all increasingly bombarded by offers of credit, as my hon. Friend the Member for High Peak neatly pointed out. I do not know whether I am the only Member who regularly receives calls on my House of Commons office telephone carrying recorded messages offering me cheap debt deals or spurious payment protection insurance compensation. *[Interruption.]* I see from the reaction of some hon. Members that I am not the only one. I hope that this is not a comment on my own financial circumstances.

Not only by telephone marketing, but through the internet and increasingly through mobile phone apps, credit is more available and more heavily marketed than ever before. In some respects, this need not be a bad thing—credit can help people to manage their finances, and legal credit at reasonable rates is infinitely preferable to the alternative of loan sharks and doorstep lenders. However, the constant bombardment becomes a real problem when people lack the tools to understand concepts such as APR—annual percentage rate—or to develop a proper understanding of the real costs of the debt they are being offered. It is a shocking fact that only one in three adults in the UK knows what APR stands for, let along what it means financially.

It is particularly concerning that many of these credit services are heavily targeted at students who are managing their finances for the first time—perhaps without the benefit of the useful book of guidance produced by my hon. Friend the Member for High Peak—and the level of financial knowledge among many university students does not seem to be as high as we would hope. The surveys showing that only 36% of adults knew the definition of APR showed that this fell to less than 31% for people under 30, and I have heard from student representatives a number of worrying stories of students actually boasting about the level of APR they were paying on a loan, believing that a higher APR meant a better loan. As the right hon. Member for Bermondsey and Old Southwark (Simon Hughes) pointed out, there is strong demand for students to be better informed on these issues.

We have debated the issue of high-cost credit separately, and I continue to believe that there is a need for some sort of system of flexible caps and that there is potential for a levy on high-cost lenders to help to finance the cost of debt advice and financial education. I am hopeful that the Government's research into this area will produce both those results. However, in a world where such credit is as prevalent as it has become and when students are having to take on more long-term, low-cost debt as

[Mr Robin Walker]

part of the process of getting higher education, it is clear there is a demand for them to be better prepared to understand and manage it.

All these reasons point to the urgency of including personal financial education in the curriculum, but they do not dictate how it should be included. There is not necessarily any contradiction between the Government's desire for a simple curriculum that focuses on the basics and the inclusion of this basic tool for life in the curriculum. In my view, and in the view of the all-party group report, there is no need for a new subject to be added or for time to be set apart in the timetable. Rather, the provision of better financial education can be included in the teaching of maths and PSHE.

Indeed, as Carol Vorderman has pointed out, making maths more relevant and giving it a firmer basis in the real world might help to deal with some of the stigma that many students attach to it. I well remember as a teenage pupil being profoundly uninterested in algebra and trigonometry, but waking up and paying attention when maths touched on the finances of a business or the cost of a shopping trip. I suspect many pupils feel the same. We paid even more attention when people from outside school came in to talk about what they did, so I welcome the report's recommendations about bringing in more outside experience.

We should not pretend that that would be a wholly new approach. Many of the best teachers, schools and colleges already employ such an approach to make their lessons relevant and engage their pupils. Tudor Grange academy in Worcester has forged strong links with local businesses, such as Worcester Bosch, and the Worcester college of technology has seen several hundred students take money management programmes as additional elements of their studies, showing that students want more financial education even when it is treated as an extra.

Many organisations, from banks and accountancy firms to the citizens advice bureaux, small businesses and entrepreneurs, already engage with schools to talk about the importance of financial knowledge, planning and budgeting. The Institute of Chartered Accountants runs a competition on financial knowledge for schools in Worcestershire. The best examples from among our schools, which include many schools in Worcestershire, would probably need to see no change if financial education were to be introduced as a statutory part of the curriculum, but the inclusion would make a real difference to the overall picture, allow better co-ordination and support those who are leading the way.

The inclusion of financial education in the curriculum would send a signal to all head teachers and all schools that it should be a core part of the teaching of maths and PSHE. It is one of the basic skills with which pupils need to emerge and from which they will benefit hugely. As the all-party group's report clearly shows, the greatest reason for teachers saying that they do not currently provide financial education is the pressure on curriculum time. Giving it a place in the curriculum would therefore remove the greatest single bar to its successful delivery. I do not believe that would be onerous in any way and when I have discussed it with local heads, as I did at a recent meeting with a group of Worcester primary heads, I have received unanimous support for its inclusion.

I know that many hon. Members want to speak and that we are all anxious to get away today, so I will conclude by saying that financial education should be brought into the statutory curriculum as soon as possible. As a proud English member of the Select Committee on Welsh Affairs, I am pleased to see that Wales, like Scotland, has already taken that step. I believe this is an excellent example of how the UK Government can show their support for the respect agenda, respecting the devolved Assemblies and the students, teachers and heads who all tell us the benefits of financial education.

5.1 pm

Eric Ollerenshaw (Lancaster and Fleetwood) (Con): It is nice to speak at this point in the debate, when everybody has said everything.

May I begin my adding my plaudits to those already heaped on my hon. Friends the Members for Brigg and Goole (Andrew Percy) and for North Swindon (Justin Tomlinson)? I was a mere foot soldier in their regiment as they steamrollered this through and I must say what an efficient manner—*[Interruption.]* I was sometimes cannon fodder, yes.

If I were a little younger, I could have had when I was at university the e-book that my hon. Friend the Member for High Peak (Andrew Bingham) had and it might have saved me from being part of that generation that got one credit card to pay off another before I realised that I was not gaining very much by it.

I cannot remember ever being taught financial education at any time in my history at school. People from the Post Office came in once in the 1950s and I think I still have a Post Office account with 10 shillings in. If anyone finds the book, I would be grateful for that. I spent 27 years as a teacher in secondary education and I never saw financial education taught; indeed, one of the surveys in the report shows that 45% of teachers have never seen it taught in school. The only time I touched on it—it is a pity the shadow Minister is not here—was when I taught American history in the 1920s and 1930s, with the Wall street crash, the depression, and banking and shares. I was going to say to the shadow Minister that it takes a good history teacher to teach decent economics.

In my constituency, I came across a scheme run by two guys from Fleetwood, Paul Freeman and Martin Hull. They are community support officers and they noticed that in the areas where there were problems, kids did not understand the idea of saving. This goes back to what my hon. Friend the Member for Congleton (Fiona Bruce) said: they wanted instant money. A scheme was developed in conjunction with a primary school and pupils were rewarded with school pounds, but the school had to take part in various business exercises to earn the prizes that the kids had to save up for. The scheme has been developed through other schools and it is now working with a primary school outside my constituency, with the involvement of a secondary school in my constituency, Rossall school—I mention it for a reason—whose lower sixth has already set up its own businesses and it is running them as a practical demonstration. Rossall school is a public school and the primary school that it is helping is a state school. The example is double edged: the private sector is helping the state sector and we have the involvement of

one of those schools about which the shadow Minister kept talking. They do not use the national curriculum but, because they are good schools, they are already way down the line in financial education.

One thing that we in the all-party group have been trying to do is help state schools to catch up. Having said that, none of us underestimates the problem and I am grateful for the Minister's generosity in taking our proposals on board. Perhaps this debate is timely, given that a review of the national curriculum is coming forward, but none of us who has been a teacher underestimates what we are asking teachers to do. The hon. Member for Makerfield (Yvonne Fovargue) and others have said that we need confident teachers with really good back-up to do this.

Fiona Bruce: Does my hon. Friend agree that we ought to consider including this subject as an element of teacher training in colleges?

Eric Ollerenshaw: I think we need to deal with this in all kinds of ways.

On the remarks we have heard about maths teachers and the lack of maths, if we want this kind of revolution to begin, teachers need to be utterly behind it—not just theoretically but practically, and with that confidence. As my hon. Friend the Member for Brigg and Goole has said, we had a debate in the all-party group about personal, social and health education and maths. I still warm to the applied maths idea, partly because I would have been like my hon. Friend the Member for Worcester (Mr Walker). I scraped through maths because I had to, but then forgot most of it, as was obvious in my subsequent financial career. So I veer more towards the latter approach. My hon. Friend the Member for Brigg and Goole commented on how PSHE is regarded in some schools.

There is also the issue of back-up and time. The Personal Finance Education Group has given us a lot of support. Given the financial support that it has had from some banks, perhaps it would be apposite for the Minister to challenge the banking and financial institutions of this country, which have suffered somewhat in the public's estimation, to provide the back-up that is needed to deliver financial education in a substantial way. I take on board what my hon. Friend the Member for Congleton said about training and suggest that financial support could involve the provision of money to release teachers to train or to provide materials for schools. We are asking for a huge turnaround in schools if such education is to be provided properly and is not just to be drip-fed, with some good schools doing it but more schools just paying lip service and trying to get by. Is this subject as fundamental as hon. Members from all parties have said it is? I am not underestimating its importance.

Time is running out and all my best lines have been taken my hon. Friends who have expressed the points far better than I could have. I think the hon. Member for Darlington (Mrs Chapman) ended on a quote and I should like to end on a quote from an article in *The Independent* today by Andreas Whittam Smith, who said that

> "the real explanation of the fall of RBS was the incompetence of the British ruling and managerial classes...without having the foggiest idea of how business worked."

I am not suggesting that if we carry out these recommendations, we will end boom and bust tomorrow, but it might be a start.

5.7 pm

Damian Hinds (East Hampshire) (Con): As my hon. Friend the Member for Lancaster and Fleetwood (Eric Ollerenshaw) has just said, it is difficult to think of anything original to say at this stage of the proceedings, so I shall be mercifully brief. I must start with the obligatory fawning to my hon. Friends the Members for Brigg and Goole (Andrew Percy) and for North Swindon (Justin Tomlinson) for the genuinely outstanding work they have done on the all-party group. The way that group has grown is not just impressive but phenomenal. In double-quick time it has brought to the British Parliament an issue that matters so much and about which so many people are genuinely bothered. The report and the depth of the analysis and work the group has done are already helping to stimulate debate here and more widely—and will do so further.

Today's debate is not about approving every line in the report. I would have loved to remind the shadow Minister, if he were here, that the motion does not say that there should be compulsory financial education in free schools and academies or that it should be part of the national curriculum in primary schools. The key phrase in the motion is:

> "That this House...believes that the country has a duty to equip its young people properly through education to make informed financial decisions".

I could not agree more.

I shall not go into examples of the problems that we have all seen when people have come into our surgeries or when we have met people. My hon. Friend the Member for Worcester (Mr Walker) has mentioned that some people, astonishingly, think that a high APR must be better than a low APR because it is a bigger number. These things would be funny if they were not so tragic. When we hear about them, our natural reaction is to say, "If we get them young and educate them, we will sort out all these problems." There is, of course, as it says in the motion, a great advantage to equipping people with the capability to make smart financial decisions. There can also be a more immediate benefit, to which the hon. Member for Makerfield (Yvonne Fovargue) alluded. If teachers get kids to bring in material—junk mail—that they have received at home, and they discuss it, messages can then get back to home, so there will be a beneficial impact even in the shorter term.

Even better than telling, of course, is doing, through schemes such as junior savers clubs. I was a member of the Abbey National junior savers. It used to have gold, silver and bronze; I only ever made bronze, but there you are. We have savings clubs in schools, and I pay tribute to credit unions in particular, although others do this as well, which run schemes in schools, often with parent volunteers and schoolchildren helping to manage them. That is another great way to pick up experience.

I have an issue with PSHE, however. It sometimes feels as though the answer to any social problem in this country is another module in PSHE. That is true whether the problem is that people are too fat or that people are too thin, or whether it is teenage pregnancy. Whatever it

[Damian Hinds]

might be, we do it in PSHE. There are limitations to PSHE. When one mentions it to teachers, their response is not one that can be written down because it is just a groan. As a general rule, teachers do not like doing PSHE lessons. Although the report of the all-party group says "only 45%" of teachers in the survey had taught personal financial education, I have to say that that struck me as an extraordinarily large number. Almost half the teaching population has taken on the teaching of that subject. I think it unlikely that they are all experts in that area.

In PSHE in general, and this applies also to financial education, there is naturally a reliance on off-the-shelf—or more likely, these days, off-the-net—lesson plans and on input from third parties. Although I accept that the banks and building societies who take part do so with responsibility and do not use it as a way to ram home their brands, there is an element of indirect marketing. It certainly gets the message out there that there is a massive range of financial products, including ones that can get people into debt.

Andrew Percy: My hon. Friend's points are exactly those that we identified during the inquiry and support the argument for putting financial education into PSHE to support maths and raise the profile of PSHE. He is quite right: a lot of the stuff that is used is photocopied hand-outs. That is not teaching a subject properly. If we link PSHE with maths, we can raise its profile and the standards of the teaching and lesson plans.

Damian Hinds: I recognise the point, and the report stimulates such debates, but I do not agree.

People mean different things when they talk about financial education. There is a whole continuum. If we talk about pure financial education, as opposed to a mathematical way of approaching it, there are two key dangers. The first I call the redundancy danger, and the second is the ubiquity danger. None of us did financial education at school, and although some people have great financial problems, not everybody does, and it is perfectly possible for somebody to get through life without the benefit of that education. Had we done financial education, we would have learned about cheques, clearing houses and endowment mortgages, and, spreading it out to the wider economy, the public sector borrowing requirement and sterling M3. None of that would be of particular relevance today. We would not have learned about debit cards and payday loans because, to all intents and purposes, they did not exist at that time. There is a real danger that although we think we are equipping people with skills, by focusing too much on financial services, as opposed to the underpinning principles, that education may become redundant.

Andrew Percy: It is true that the world does not stand still, but does my hon. Friend agree that if we give young people the ability to understand what is available now, we give them the skills to be able to understand products as they develop and move on into the future?

Damian Hinds: I cannot do geometry in a written speech without slides. I would be more tempted to go for the underlying principles, which could enable people to understand the things that used to be there and the things that will be there tomorrow.

The second danger is ubiquity. Already, on the television and the internet, when kids are at home or out, everywhere there are messages about debt. There is a danger that introducing discussion of specific financial services too early in schools might contribute to that feeling by normalising and legitimising the idea that everyone uses such products.

As I said to my hon. Friend the Member for Brigg and Goole, the key things are the tools, and I think that we agree on that but perhaps differ on how best to use them. To my mind, the key tools and principles that help inform financial decisions are mathematics, but not mathematics on its own. There is also a big element of personal responsibility, common sense and some of the maxims to which my hon. Friend the Member for High Peak (Andrew Bingham) referred. Make no mistake: young people do not learn common sense, wisdom and personal responsibility simply by turning up to PSHE. It is a much wider issue. I would welcome more emphasis on practical mathematics at GCSE, especially at foundation level, although it applies to both levels.

I am pleased to say that I have an original point to make. We also now have an opportunity post-16, because raising the participation age to 18 means that more young people who have perhaps not passed GCSE maths could, if we are to follow the guidance in the Wolf report, be encouraged to keep up maths and English. We need new, innovative, creative and engaging ways of taking on maths, and this would certainly be one of those. I thought that the sample questions that my hon. Friends who constructed the report included in it illustrated very well the practical ways we could use the maths curriculum.

The introduction of these concepts into mathematics is no panacea. The hon. Member for Makerfield and I agree on many things related to debt and personal finance, but I completely disagreed with her today when she implied that there was no element of personal irresponsibility in being over-indebted. There are of course times when it is purely a matter of a change in circumstances and completely unpredictable, but there is also a major issue of responsibility. She was right to say that there are broader concerns about regulation and too-easy access to credit that we must also address. The reason we need to address those concerns, even if we did financial education perfectly, is that in that market, alarmingly, the basic laws of economics, such as the way competition works and the assumption that consumers will be rational, frequently do not apply.

I congratulate the members of the all-party group again on the report that stimulated the debate. My view is that I would say no to adding more to PSHE and specifying exactly how these things should be done at a younger and younger age, but I would say yes on the need to refocus GCSE maths and to find new and creative ways to teach practical maths at 16-plus. I would also say yes to not being afraid to say that people must take responsibility, which is also a good thing to teach in school.

5.18 pm

Justin Tomlinson: I will give a brief conclusion to what has been an extremely positive debate. I thank all Members who contributed from both sides of the House for taking the time to set out their support for our

ongoing campaign. I hope that the 100,000 people who took the time to sign Martin Lewis's e-petition will feel that Parliament has served them well today. We have shown one of the better sides of Parliament, as we have taken a tangible issue that the public are interested in and tried to set out a way of dealing with it. I thank all the members of the all-party parliamentary group and the supporters, particularly the individuals and organisations—over 1,000 of them—who contributed to our comprehensive report. We deliberately took our time and were patient so that we could deliver something that was thorough and that set out constructively and comprehensively our case as part of the national curriculum review. I am grateful that the Minister and shadow Minister acknowledged that our delivery of the campaign is an example that others should follow. Interestingly, this is not just a pie-in-the-sky request. We look at our international neighbours and find that many states in America, and Australia, New Zealand and Canada, are leading the way in financial education.

As part of the national curriculum review, I hope that today we have taken a very good opportunity to set out our positive case, so that we might deliver on our duty to equip the next generation of consumers with the ability to make informed decisions.

Question put and agreed to.

Resolved,

That this House notes that young people today grow up in an increasingly complex financial world requiring them to make difficult decisions for the future, often without the necessary level of financial literacy; believes that financial education will help address the national problem of irresponsible borrowing and personal insolvency and that teaching people about budgeting and personal finance will help equip the workforce with the necessary skills to succeed in business and drive forward economic growth; further believes that the country has a duty to equip its young people properly through education to make informed financial decisions; and calls on the Government to consider the provision of financial education as part of the current curriculum review.

Petition

Protection of War Memorials

5.19 pm

Mr Gordon Marsden (Blackpool South) (Lab): I have the pleasure and honour of presenting to the House the petition of Ian Coleman and ex-service personnel in Blackpool on the subject of war memorials. It incorporates more than 3,000 signatures, which Mr Coleman and his colleagues in Blackpool have collected.

The petition states:

The Petition of Ian Coleman and ex-service personnel in Blackpool,

Declares that the nation's war memorials and their surroundings should be treated as special places and respected in a manner which befits those whose lives they commemorate.

The Petitioners therefore request that the House of Commons urges the Government to ensure the protection of war memorials via a more rigid enforcement of existing laws or by bringing forward new legislation to ensure that war memorials are adequately protected.

And the Petitioners remain, etc.

[P000992]

Health Services (Disabled Children)

Motion made, and Question proposed, That this House do now adjourn.—*(Mr Vara.)*

5.21 pm

Annette Brooke (Mid Dorset and North Poole) (LD): I am extremely pleased to have the opportunity today to raise directly with the Minister, who I recall from previous debates has a significant interest in the area, a number of concerns about services for children with disabilities.

Earlier this afternoon, I hosted a function for the Council for Disabled Children, at which its young ambassadors presented a film that they had made. Their message was, "Young, disabled and in control". They wanted to be seen as individuals, to be listened to and to have their views and needs taken on board. The function made me reflect on what I had written in my speech, because we should remember that I am talking about lots of precious individuals. It sounds generic, but, when one has the great honour and privilege of meeting amazing young people who are achieving so much, one realises that there is so much more that we as individuals can do for them. Indeed, one of them referred to the use of personal budgets, and as we bring health and social care together that will all become part of the same discussion.

Throughout my long political career locally and nationally, I have been very much aware that families with disabled children face constant battles to secure support, help and access to services. Not so long ago, I was supporting a family to make sure that they were supplied with sufficient and adequate incontinence pads for their growing child, and I asked myself, "Hasn't anything changed over the years?" There have always been issues when services such as education and health have been brought together, with cross-service battles over who picks up the bill, rather than people putting the needs of the child first.

Given the coalition's proposed policy changes, there are some potentially amazing opportunities—specifically within the Health and Social Care Bill, and in the delivery of the single assessment process, the education, health and care plan and the local offer, which are proposed in the "Support and aspiration" Green Paper. But we need to grasp those opportunities and address the issues that are seen as threats, and in that respect I hope that the Minister will be able to provide some reassurances today.

Disabled children and those with complex health needs are disproportionate users of health services, but they face long-standing barriers to accessing both universal and specialist health services. The evidence from professionals, the voluntary sector and families with disabled children is clear: if local areas are not required to have a clear focus on child health, disabled children are not given the requisite priority by local decision makers. As a mother of a child with complex health needs put it:

"What's so sad is that years have been lost because there doesn't seem to be any clinical leadership for services for disabled children or even children in this area. And there haven't been any targets that they need to reach so they are not interested. They're only interested in targets and services for adults."

Sir Ian Kennedy's recent report "Getting it right for children and young people" stated:

[Annette Brooke]

"Those caring for children 'are not the biggest players in the clinical system' and are not well placed within professional hierarchies. They often lose out to other, more powerful, professional and patients' groups in the contest for resources and the attention of senior management."

The Health and Social Care Bill represents an ideal opportunity to address these issues. However, it does not include measures to ensure that the Secretary of State, the NHS Commissioning Board, clinical networks and senates, health and wellbeing boards, clinical commissioning groups, HealthWatch or monitoring bodies will prioritise child health. There is a concern that that will perpetuate a system that is designed for adult health and social care but does not work for children's services.

Campaigners feel that the Health and Social Care Bill has not indicated how health services for disabled children will be configured within the new system and wish to make sure that there is no confusion on the ground as primary care trusts close and health and wellbeing boards and clinical commissioning groups are set up.

I am aware that some issues should be resolved as part of the Department for Education's "Support and aspiration" Green Paper pathfinder programme. But there are concerns that that is a long-term agenda that will not produce results for at least 18 months. In the meantime, there is already widespread confusion about how health service reform will affect disabled children. There has also been no demonstrable evidence that health and wellbeing board early implementers and clinical commissioning group pathfinders have been asked to link their work with the "Support and aspiration" Green Paper pathfinders.

There are particular concerns that the overarching proposals set out in the "Support and aspiration" Green Paper will not be deliverable unless the structures set up by the Health and Social Care Bill provide clarity on commissioning structures and accountability for child health. For example, the Green Paper proposes an education, health and care plan for disabled children and an overarching "local offer", but the Health and Social Care Bill does not require health and wellbeing boards to include that in their local strategies.

I know that there are many concerns about the fact that although there is currently a statutory duty to provide education services identified in a statement, there is not the same statutory duty for the provision of health services. It is always difficult when professionals from two different cultures and backgrounds are asked to work together, but a number of issues could be resolved earlier. The Bill also does not provide a platform for education providers to take part in local decision making at health and wellbeing board level, which will make integrated commissioning more difficult. I would be really grateful for the Minister's views on that.

The current scrutiny on the health service created by the Health and Social Care Bill represents a unique opportunity to address long-standing problems with the services used by disabled children. Families with disabled children describe these barriers in the latest report from Every Disabled Child Matters and The Children's Trust, Tadworth entitled "Disabled Children and Health Reform". They include delays in getting equipment—wheelchairs, for example.

This afternoon I met Becky, who is at university. She drives her own car and has a specially adapted wheelchair that comes apart. She puts all the wheelchair's parts into her Mini. It is amazing how she has been able to use her skills and aptitude and access a university education, but the NHS could not provide that specialist wheelchair for her. That makes us think that we need to do more for so many children.

I have already mentioned the restrictions on vital support; it is just dreadful when a family contacts you to say that they cannot get large enough, or enough, nappies for children with continence issues. There are disputes over who funds the service, poorly co-ordinated appointments, poor communication across the system and a cliff edge in support at transition to adult services.

Some parents are quoted in the "Disabled Children and Health Reform" report. On the complexity of the health service, one said:

"I've had really good experience of Health and individual Paediatricians...The problems arise from the complexity of the system and the different services your child needs".

There is always so much praise for the individuals who are doing the work, but it is about pulling it all together and the structures. On the delays to getting vital equipment, another parent said:

"My daughter has a helmet and boots supplied by the Child Development Centre. She's outgrown the helmet now and it took them two months just to make an appointment to measure her head. In the meantime, she's confined to her wheelchair. They said they had the money to do it, but didn't have the means to order it."

We know about the disputes over who funds the service. A parent said:

"Sometimes the local authority says, 'Well, that's a Health issue and so the PCT should pay.' Then the PCT turns round and says, 'No, actually that's an Education issue.' It feels like we're having to fight and it wastes valuable time because we have to wait for the local authority and the PCT to meet somewhere in the middle about something which could be helping and making a difference now."

Another parent commented:

"What's so sad is the years that have been lost because there doesn't seem to be any clinical leadership for services for disabled children or even children".

There is a lack of targets and a focus on adults.

Then there are the problems with transition between child and adult health services, on which one parent said:

"My daughter's been seen by 2 consultants at least twice a year for the last 17 years so it shouldn't be a surprise to anyone that she's going to need continued monitoring and support from Health as she moves into adult services. But the divide between health services for children and adults is significant. Many of the professionals we have come to rely on shake their heads about it...but there's nothing they can actually do beyond offering to attend a meeting with us where they can hand over to someone who works for adult services."

In the past few years, we have spoken a great deal in the House about the transitional period. We are aware of the issue but we must keep working at it.

The Health and Social Care Bill does not provide any clarity on how the reformed system will affect the child health system. Child health services operate on a separate system to that of adults, with separate structures and relevant partners—for example, education providers.

Consequently, child health requires specific attention within the reform process, which the current legislation does not appear to provide.

The Every Disabled Child Matters campaign is very concerned that, unless specific attention is given to the health processes and professionals who work within child health, the modernisation of the NHS will perpetuate a system that fails children, particularly disabled children and those with complex and/or palliative care needs. The campaign believes that there is a clear choice: act now and use the opportunity of reform to create a system that works for disabled children, or proceed with reform concentrating solely on adult services and leave families with disabled children still struggling to fill the gaps.

The EDCM campaign asks for national leadership. It would like the Secretary of State to be required to set priorities for child health as part of his mandate to the NHS Commissioning Board. As a matter of urgency, it would like the Department of Health to set out a clear vision for the way in which the reformed system will meet the needs of disabled children and children with complex health needs. On commissioning, it would like an overarching clinical network for disabled children's health to be created in order to address long-standing issues, including barriers to commissioning specialist health care services. It would like health and wellbeing board early implementers to be asked to test and report on integrated working for the delivery of services for disabled children which includes all relevant partners. It would also like careful consideration to be given to the impact of current reforms on the commissioning of specialist health services for children and young people with high-cost, low-incidence conditions. The campaign would like information and support to be provided to disabled children and young people and their families to ensure that they understand the way in which the changing health system will affect them.

The report poses 10 key questions, which I would like to pose to the Minister. What role will the NHS Commissioning Board play in improving the national delivery of health services for disabled children? Where will the responsibility lie for designing care pathways and shaping local services for disabled children within the modernised system? How will clinical networks and senates support clinical commissioning groups to deliver high quality universal and specialist health care for disabled children? What practical steps are being taken to ensure that the experiences and interests of disabled people and families with disabled children are represented as an integral part of patient involvement at every level of the reformed NHS? How will the success of the modernised NHS in meeting the needs of disabled children be monitored in local areas and how should that information be published? How will health and wellbeing boards work with local HealthWatch and clinical commissioning groups to achieve integrated care for families with disabled children who use health, social care and education services? How should awareness of the particular needs of disabled children be built into the work force development programme being developed by health education England? How will the modernisation of the NHS work with pathfinders of the "Support and aspiration" Green Paper, particularly in the development of a single education, health and care plan and a local offer? What plans are being made to improve the collection of information about disabled children? Finally, how will families seek redress if the package of care for their disabled child is not delivered or integrated with other care, or if the quality of the health care they receive is poor? There are so many questions. We should try to provide answers and to improve the legislation that is going through Parliament, or at least the guidance that will go alongside it.

In the rest of my time, I would like to touch on two areas. Of course, one could talk about every possible condition and make lots of points, but I will touch on two areas that have been on my agenda over the past five years or so. The House has debated the provision of mental health services for children, with particular reference to autism. There has been improved provision of child and adolescent mental health services over recent years, but I believe that the gap between needs and provision remains. I would be grateful for the Minister's comments on the future provision of these vital services. So often, as we know, mental health services have been a Cinderella service. If we can intervene early with children, we can save a great deal of money, pain and anguish later on.

Specifically on autism, what steps will the Government take to ensure that child and adolescent mental health services staff are trained in autism and that specialist support is available? On a previous occasion, the House has discussed the problem that even when parents have accessed CAMHS, they have not had satisfactory outcomes because of the lack of training.

I would also like to touch on speech, language and communication needs. To return to my starting point, the lack of joint working between education and health has, over the years, been apparent in speech and language therapy and in the battles over who pays. Will the Minister comment on the importance of integrated commissioning for speech, language and communication services, not just within the health sector, but between health and education commissioners? What role will health and wellbeing boards play in ensuring that there is effective and co-ordinated commissioning of children's services? Will the Minister confirm whether health and wellbeing boards will be encouraged to consider the use of pooled budgets and joint commissioning arrangements for speech therapy services for children?

As an aside, I would like to mention some adult speech therapy that I have seen. I was privileged to visit Poole hospital following the lobbying by the Royal College of Speech and Language Therapists in Parliament. A display had been set up for me and patients had been invited in to cover all the aspects of speech therapy for adults in the health sector. I would like to tell the Minister and place on the record how impressive that was.

Returning to the subject of children's services, there is so much that could be said, but I have one overriding question for the Minister. Will she and the Secretary of State do everything they can to improve the provision of services for children with disabilities and special needs, and to ensure that the new structures deliver what is needed so greatly?

5.39 pm

The Parliamentary Under-Secretary of State for Health (Anne Milton): I begin by congratulating the hon. Member for Mid Dorset and North Poole (Annette Brooke) on

[Anne Milton]

securing a debate on this extremely important issue. I know that, like many Members, she has shown a very strong personal interest in it. I share that interest, and I thank her for acknowledging that. I hope that what I say today will reassure her that we are doing what we can to improve the availability and quality of health care for all children and young people, including those with disabilities.

I cannot answer all the questions that the hon. Lady asked. Interestingly, from listening to her questions we could hear the complexity of the current system. I share her sadness about the years that have been lost to many children, and I am sure we also share sadness about the terrible struggle and battle that a lot of parents of disabled children have faced. The debate provides an opportunity for us to put on record our tribute to those parents, who struggle in unbelievable circumstances and feel unsupported. I cannot quantify the traumatic nature of what they have to face, not only in dealing with a child with disabilities but in getting everything they can for them.

I do not think I will be saying anything very controversial by acknowledging that the NHS, as it currently works, does not get everything right for children and young people. The hon. Lady referred to Sir Ian Kennedy's report "Getting it right for children and young people", which made it clear that the quality of health care for children was very variable and that the outcomes for too many children were poor compared with those in other countries.

We have 12 million children and young people in England, which is a fifth of the total population, and the number of them with disabilities is high. For example, some 108,000 have been diagnosed as having an autistic spectrum disorder, and some 70,000 would benefit from mobility support, including wheelchairs. Their well-being, as with all children and young people, must always be at the top of our list. We must pay particular attention to services that help the most vulnerable children or those with the greatest needs. They are our future, and the NHS needs to do better for them.

I am particularly pleased that the hon. Lady mentioned children who are on the autistic spectrum. There is no doubt that those children and young people in particular, like adults with autism, often fall through the net. Child and adolescent mental health services do not necessarily fill the gap.

The Department of Health has simple but ambitious goals. It may be stating the obvious to say that they include the right start to life in the foundation years, improved support for mental health and well-being, more co-operative and joined-up services for children with disabilities, and improved health in adolescence. Those ambitions lie behind the health reforms that the coalition Government are proposing. We are moving towards a service in which the use of evidence-based treatment is adopted consistently and to the best effect; in which promoting good health is of equal importance to caring for the sick; and in which children, young people and their families are always involved in decisions about their care. "No decision about me without me" applies as much to children as to anybody else, and I think we often underestimate the ability of young people and even quite young children to be involved in decisions about their care. We also a want a service in which commissioning is underpinned by informed and expert knowledge. I believe that it is in commissioning services that we have often got things wrong.

As the hon. Lady will know, those ambitions are supported by measures such as the increase in health visitors by 4,200 and the expansion by 50% of the family nurse partnership programme. Health visitors and family nurses play a vital role in identifying, intervening in and sorting out babies' and children's problems early. We frequently hear about the need for early diagnosis so that we can have early intervention and support, which prevents problems later on. That includes children with disability and other special care needs.

I would also like children's health to be built in throughout the new system, so that everything we do is geared towards supporting children. We have made our intention clear to put in place a system that achieves better outcomes for everyone, and one that delivers services for individuals, not organisations. We often end up believing that we need to get the processes right and the arguments on that continue without our seeing the outcome that we are trying to achieve.

Of course, not just the NHS has a role to play in the health of children with disabilities. Schools, children's centres and wider children's services all have a part to play. That is why we are putting in place a system of health and wellbeing boards in each local area, the job of which will be to achieve a truly jointly owned assessment of local need, which leads to a joint health and well-being strategy and commissioning decisions that span the NHS and local government. Joint leadership and joint responsibility is for the whole population, including disabled children. Local authorities have a key role to play.

I should take this opportunity to commend the work of Disability Challengers in my area, which is well supported by people locally and offers an invaluable service to parents. It is those sort of initiatives and third sector organisations that we can bring together to make joint leadership and joint responsibility actually work. We always talk about integration—we have been talking about it for years—but now we need to make it happen. We need to stop that fragmentation of services. We need to stop arguing about who will pay for what and ensure that people get what they need.

The hon. Lady and others have concerns about the priorities that general practitioners will give to children and young people when commissioning services, but in fact it is estimated that about 40% of the average GP's work load is to do with children and young people. Nobody is in a better position to understand children's needs. On top of that, the clinical commissioning groups will have access to advice from people with a broad range of professional expertise, including those who work particularly closely with children, such as paediatricians, nurses, other clinical professionals, and health and wellbeing boards, the membership of which will include, for example, directors of children's services in the local authority.

The hon. Lady mentioned speech and language therapy, which is much talked about. Its critical role in meeting many children's needs is much underestimated. The allied health professionals, which we often miss off our

list after we have mentioned nurses and doctors, are critical in ensuring that those children get what they need.

To ensure that that happens, the NHS Commissioning Board will be accountable to Ministers for improving health care provision for children and young people. They will be judged on their delivery of improved outcomes. The NHS outcomes framework and the public health outcomes framework include measurable outcomes to demonstrate improvement in critical areas relating to children and young people. As the data get better and more meaningful—it is important to say that the data must be meaningful—we will refine the outcomes that the NHS needs to deliver, along with our understanding of the outcomes that are important to disabled children, young people and their families. That will be an evolving work in progress, but the focus on outcomes is important.

One important matter—the hon. Lady will be interested in this—is how the integrated care pathway can be used to provide children with disabilities, long-term conditions or complex needs with the best opportunities to make progress and live life more independently. A number of activities are under way at the moment to ensure that that happens. The learning network for health and wellbeing board early implementer programme includes a learning set on effective joint working to improve those outcomes for children and young people. That work is just getting under way—it was launched only about three weeks ago—but there is incredible energy and enthusiasm to develop and share innovative ways in which to change things for the better. One of the priorities for the network is tackling health inequalities and increasing access for those groups that traditionally have had difficulty in securing the provision that they need. I refer here to the group of children that we are talking about.

Similarly, there is a small group of early implementing clinical commissioning groups that are focusing on children and young people's issues. With my colleagues in the Department for Education, we have set up 20 pathfinder groups, including 31 local authorities and primary care trust clusters, to test the ambition of the Government's Green Paper to support children with special educational needs. They will test improvements to the current system, including the new single assessment process with a single education, health and care plan, along with the option of a personal budget. Things happen incredibly slowly in Government and it is very frustrating for the people who are in receipt of services. It is important that we use this opportunity to capture the enthusiasm and energy and to use the reforms that we are making to get this right once and for all. The lessons that we learn from those early implementers will be crucial. They will help inform more effective commissioning and service provision. Where these effective integrated care packages and personal budgets are available, the impacts are very dramatic.

I hope that the hon. Lady is reassured by the fact that we are committed to children with disabilities. I have a personal interest in the matter, and we want to ensure that the NHS plays its full part. It sounds a cliché to say that the NHS works in partnership with local authorities and schools to improve the lives of children and young people, but I mean it from the bottom of my heart. We have to ensure that partnership becomes a reality.

I pay tribute to organisations such as Every Disabled Child Matters. My noble Friend Earl Howe has answered a letter to that organisation quite recently. We are talking about special children with very special needs and some very special parents. We must ensure that those needs are met and that the terrible battle that the parents and young people face is halted and they get what they need to live those independent lives. There can be no better words to end this debate on than these: young, disabled and in control.

Question put and agreed to.

5.52 pm

House adjourned.

House of Commons

Monday 19 December 2011

The House met at half-past Two o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

DEFENCE

The Secretary of State was asked—

Submarines (Female Personnel)

2. **Caroline Dinenage** (Gosport) (Con): What expertise women can provide and which roles they can fill on board Royal Navy submarines. [86894]

6. **Harriett Baldwin** (West Worcestershire) (Con): If he will take steps to encourage women in the Royal Navy to apply to serve on Vanguard and Astute class submarines. [86898]

The Secretary of State for Defence (Mr Philip Hammond): I announced to the House on 8 December that women will be recruited into the Royal Navy submarine service. All submariner roles will be open to women, and this new opportunity to serve will enlarge the talent pool from which the submarine service will recruit. All male and female applicants will be assessed against the same criteria. All applicants will receive the same training. I am confident that there will be sufficient interest from female personnel to serve on board Royal Navy submarines.

Caroline Dinenage: I welcome that news from the Secretary of State and the confirmation of what many of us know: that women can do everything that men can do. [HON. MEMBERS: "Hear, hear!"] But better. Can the Secretary of State please expand on when it is most likely that women will first be put into training and service on submarines?

Mr Hammond: Let me say, Mr Speaker, that if my wife is to be believed, not only can women do everything that men can do, but they can do two things at a time, while men can do only one thing at a time. I hope that this will contribute to the efficiency gains that we need to make in the Royal Navy and elsewhere. I can tell my hon. Friend that female officers will serve on Vanguard class submarines from late 2013, followed by ratings in 2015, and that women will be able to serve on Astute class submarines as both officers and ratings from about 2016.

Harriett Baldwin: I pay tribute to all those who have the fortitude to serve on submarines underwater for many months at a time, particularly at this time of year. Can the Secretary of State say whether there will be any cost to the public purse from adapting submarines to accommodate both sexes?

Mr Hammond: Yes, there will be an estimated cost of about £3 million in total, to provide appropriate accommodation and emergency air supplies, so that should any female submariner be found to be pregnant while on board, she will be able to breathe from a discrete air supply until she can be medically evacuated.

Nicholas Soames (Mid Sussex) (Con): Have any trials been conducted for this project? I generally welcome the principle entirely, particularly given the great success of women on board all other ships, but does my right hon. Friend not think that it might be worth while conducting a lengthy trial in simulated conditions before the plan goes ahead?

Mr Hammond: I would say two things to my right hon. Friend. First, the only reason why women were not eligible for the submarine service was that until recently the best medical evidence suggested that there could be a risk to foetal health. It is now clear that that risk does not exist. I would also say that the United States navy has made the change already, and has found the arrangements to be perfectly satisfactory.

Christmas (Service Personnel)

3. **Amber Rudd** (Hastings and Rye) (Con): What food and entertainment his Department plans to provide to service personnel on operations during the Christmas period. [86895]

The Minister for the Armed Forces (Nick Harvey): Where the security situation allows, troops and support staff in Afghanistan will be served an English breakfast, a traditional turkey lunch with trimmings and a buffet supper. The Scots band will tour UK bases and there will be a carol concert in Camp Bastion. A variety of arrangements are similarly in place for those deployed elsewhere. Christmas decorations have been delivered to Camp Bastion already, and boxes of welfare and morale-boosting goods have arrived from UK4U, in addition to what is provided by the MOD.

Amber Rudd: Last weekend I spoke to my constituent Valerie Hindson, whose son, Lance Corporal Joel Hindson, is serving with 1st Battalion The Princess of Wales's Royal Regiment in Afghanistan. She is concerned about Christmas provision for him, because he is not at Camp Bastion, but out at a patrol base. Can my hon. Friend reassure me, and the friends and family of many brave men and women, that extra effort will be made to reach those out at patrol bases, as well as those at Camp Bastion?

Nick Harvey: Yes, I can certainly give my hon. Friend that assurance. Special Christmas packages are going out to all forward operating bases and patrol bases. In most cases there is a chef on site and proper catering facilities to ensure a Christmas lunch. That will not be possible for a small number of people in very remote locations, but even in those cases, special Christmas provision is being made.

Steve McCabe (Birmingham, Selly Oak) (Lab): For purposes of comparison, will the Minister tell the House how much will be spent on food and entertainment for Ministry of Defence Ministers and officials over the same period?

Nick Harvey: To the best of my knowledge, no such funds are being spent at all.

Bob Stewart (Beckenham) (Con): As the patron of the Forces Children's Trust, which looks after service orphans and widows, may I gently remind the Minister that it would be nice if the Ministry of Defence were to encourage all units, when they are having their Christmas celebrations, to look after the people who have lost loved ones within the unit? I am sure that that is happening, but a gentle reminder would not go amiss.

Nick Harvey: My hon. Friend makes a good point. I share his confidence that commanding officers and those responsible for the welfare of troops will have this in mind, but when there are opportunities to offer such reminders, we will certainly do so.

Redundancy and Resettlement

4. **Nic Dakin** (Scunthorpe) (Lab): What steps he is taking to mitigate the effects of redundancy on those leaving the armed forces. [86896]

7. **Susan Elan Jones** (Clwyd South) (Lab): What steps he is taking to support service personnel through the process of resettlement. [86899]

13. **Toby Perkins** (Chesterfield) (Lab): What steps he is taking to support service personnel through the process of resettlement. [86905]

The Parliamentary Under-Secretary of State for Defence (Mr Andrew Robathan): In addition to the tax-exempt compensation and, for many, an immediate pension, the welfare of those leaving the services is very important to the Ministry of Defence. We have in place a robust and effective resettlement system that helps our service personnel on a number of levels, and allows them to serve knowing that they will receive professional and tailored assistance on leaving. The MOD fully understands that making the transition from the armed forces into civilian life can be daunting, and we remain committed to supporting service leavers in taking this important step.

Nic Dakin: I thank the Minister for his reply. Given the increased challenges for those going through the resettlement process, will he commit to including an update on the success of the process in the Secretary of State's annual report on the military covenant?

Mr Robathan: That is an extremely good point. The hon. Gentleman may be aware that we estimate that 96% of ex-forces personnel find employment within 12 months, and that 93% of the total do so within the first six months. He has made a good point, however, and we will see whether it is possible to do as he asks.

Susan Elan Jones: May I ask the Minister whether the new Cabinet Committee will allocate new funds to tackle the important issue of homelessness among veterans?

Mr Robathan: We are very concerned about anyone being homeless, and the Ministry of Defence is especially concerned about homeless veterans. One should, however, make absolutely certain that one deals in facts. While any individual being homeless is a concern, we reckon that approximately 3% of those who are found homeless on the streets in the United Kingdom are ex-service personnel. Indeed, I commend to the hon. Lady the organisation Veterans Aid, based in Victoria, which I visited recently. It does fantastic work with ex-service personnel who are homeless.

Toby Perkins: The country is already facing a significant housing shortage, massive increases in unemployment and real difficulties relating to primary school intake numbers. Is this not absolutely the worst time for 17,000 of our service people to be entering that housing and jobs crisis? Is that not a pretty shabby way to treat people who have served our country so well?

Mr Robathan: May I gently say to the hon. Gentleman that we are not happy to be making people redundant from the armed forces? Unfortunately, however, we have a serious financial situation in this country, as I think he and everyone on the Opposition Benches will recognise, and we have to address that. Regarding housing, he will know that my right hon. Friend the Minister for Housing and Local Government has announced that he is in discussion with local authorities to ensure that ex-service personnel get to the front of the queue, because they might have local connections. He is consulting on that issue at the moment. Regarding employment, I have just said that ex-service personnel are eminently employable and that they are valued by the employment market, and I think that those leaving the services will, God willing, not find it too difficult to find a job.

Mr James Arbuthnot (North East Hampshire) (Con): Over Christmas, will my right hon. Friend find time to think about the difference between those in the armed forces who are made redundant and those in the Ministry of Defence civil service who are made redundant? Members of the armed forces are frequently made redundant compulsorily, but that has not happened to a single civil servant so far.

Mr Robathan: My right hon. Friend will know that there have been a large number of applications from civil servants for the voluntary early release scheme. That is why very few people are likely to be compulsorily made redundant at the moment. Those in the armed forces have been less forthcoming with applications for voluntary redundancy, but only 40% of those taking redundancy are doing so compulsorily, the rest having applied for it.

Dr Andrew Murrison (South West Wiltshire) (Con): My right hon. Friend will know that it tends to be early service leavers rather than those who have served their full commissions who feature disproportionately in criminal justice and homelessness figures and mental health statistics, yet the resettlement facilities—such as they are—are focused very much on those who have served the armed forces for a long time. What can we do to redress the balance?

Mr Robathan: My hon. Friend speaks from his own personal experience, and he is absolutely right that early service leavers are often those who have the greatest difficulty. I would like to thank him again for his "Fighting Fit" report on the mental health needs of

ex-servicemen, and indeed for his recent work on prosthetics. In fact, everyone—even someone who has served for a very brief period—gets some resettlement advice. Inevitably, those who have served for a brief period have less need to adjust, if I may put it that way, because their service has been so short.

Mr John Redwood (Wokingham) (Con): Will the Minister look again at ideas put forward by me and others in the past to allow service personnel to buy a property while still serving in the armed forces, or to build housing equity before they leave, in order to avoid the problem of homelessness?

Mr Robathan: My right hon. Friend raises an excellent point. There are schemes that we are taking forward to ensure that people can get priority in some ways. For instance, my right hon. Friend may not know that until recently—in fact, this is still the case—a BFPO address may not count as a proper address for creditworthiness; we are taking steps to change that.

Gemma Doyle (West Dunbartonshire) (Lab/Co-op): *The Daily Telegraph* reported over the weekend that a further 150 trainee pilots may be sacked and have to go through the resettlement process. Will the Minister confirm that that is not correct?

Mr Robathan: I understand that the story to which the hon. Lady refers is, in fact, a rehash of a previous story. We very much regret making trainee RAF pilots redundant—but by reducing the number of aircraft we have reduced the number of pilots that we need. We have no plans for further redundancies from the RAF's flying training pipeline.

Mr Edward Leigh (Gainsborough) (Con): There are widespread reports in today's press that the Government are planning a large cull of senior officers. I know it is a bit of a joke that there are now more admirals in the Royal Navy than major warships—but can the Government not solve this problem by increasing the number of warships instead of cutting the number of admirals?

Mr Robathan: I am grateful to my hon. Friend for his pre-Christmas question. Unfortunately, we have a slight problem with paying for the number of warships. I am sure we will bear it mind, but I have to say that the reduction in the number of senior officers has been spoken about at great length, including in the recent report by Lord Levene.

Trident

5. **Jeremy Corbyn** (Islington North) (Lab): What expenditure on the Trident replacement he expects to have incurred by 2016. [86897]

The Parliamentary Under-Secretary of State for Defence (Peter Luff): We expect to spend £3.9 billion on the successor submarine programme by the maingate decision-point in 2016. We have deferred the decision on the future warhead until the next Parliament. We are spending around £900 million a year at AWE—the Atomic Weapons Establishment—on capital investment and running costs to ensure that we can sustain the capabilities to maintain the current stockpile. As a consequence of this sustainment, we will also have the capability to design and produce a new warhead, should that be required. We expect to spend around £8 million over the next three years to examine the condition of the physical infrastructure at the naval bases and current communications systems for the successor submarines.

Jeremy Corbyn: By the Minister's own figures, the Government are proposing to spend £5 billion on the submarine replacement and the preparations for a new missile system from AWE Aldermaston, which means that after the next election the new Parliament will be confronted with the decision whether to renew the Trident system, having already spent £5 billion on it. Does the Minister not think that we are walking—indeed, sleepwalking—into a massive expenditure, after that, of £25 billion on a replacement, plus the running costs? Is it not time we brought this vanity project to an end and cancelled the Trident system?

Peter Luff: No, I do not think that at all. In fact, not spending that money would prevent us from preserving the option for the next Parliament to take the decision. The hon. Gentleman is fond of pointing out the problems in respect of the capability for the nuclear deterrent, but let me assure him that the work we are undertaking will have benefits for other classes of nuclear submarines in future— particularly in respect of the primary propulsion systems, for example with the PWR3. There are real benefits from doing this work—not just for the security of the nation in the short term, but for the long term as well.

Dr Julian Lewis (New Forest East) (Con): Given that both the Polaris and Trident submarines came in on budget and on time, is that not a good precedent for the successor system? Will the Minister take the opportunity to repeat in resounding terms the assurance that the Prime Minister gave to Conservative MPs when the coalition was formed—that Trident will be renewed, whether the Liberal Democrats like it or not?

Peter Luff: I believe that, notwithstanding the views of the hon. Member for Islington North (Jeremy Corbyn), no programme is subject to greater scrutiny in the House than the nuclear deterrent. That is one of the reasons for the accuracy of our costings. Let me assure my hon. Friend that the primary responsibility for our nation is the security of the country, that the nuclear deterrent is the ultimate guarantee of the country's security, and that we stand firmly behind it.

John Woodcock (Barrow and Furness) (Lab/Co-op): Will the Minister tell us how many Government staff are working on his review of alternatives to the Trident system, when he now expects the review to end, and whether he has reached a final conclusion on whether its findings will be published?

Peter Luff: I cannot tell the hon. Gentleman off the top of my head exactly how many Government colleagues are involved in the review, but I will write to him about it. What I can tell him is that its findings will be available towards the end of next year for the Prime Minister and the Deputy Prime Minister to consider, and that, given that it will constitute a full and frank exploration of the alternative systems at a highly classified level, there are no plans to publish either the report or the information on which it draws. However, we are a long way from the end of the review, and it is therefore premature to speculate on how the final assessment might be used once it has been completed.

Tessa Munt (Wells) (LD): What is the point of having a review if no one, except a select few, has an opportunity to look at its findings? Should not the Liberal Democrats, in particular, be allowed some access to that information? *[Interruption.]*

Peter Luff: As my hon. Friend the Minister for the Armed Forces says, I was of the view that the Deputy Prime Minister was a Liberal Democrat—and he will see the report.

Turkey

8. **Eric Ollerenshaw** (Lancaster and Fleetwood) (Con): What arrangements were included in the recent memorandum of understanding with Turkey. [86900]

The Parliamentary Under-Secretary of State for Defence (Mr Gerald Howarth): I signed a defence industrial co-operation memorandum of understanding with the Turkish Ministry of National Defence during the state visit of President Gül. The memorandum provides for a committee to be formed, to meet at least annually, and to be staffed by the Ministry of Defence, the UK Trade and Industry Defence and Security Organisation, and the Turkish Ministry of National Defence. It also establishes a framework for the potential acquisition of common defence equipment, for scientific and technical co-operation to meet the needs of both our armed forces, and for the development of joint projects.

Eric Ollerenshaw: Is that memorandum simply part of a wider recognition by the Government of the increasingly pivotal role that Turkey is gaining for itself in world affairs?

Mr Howarth: Turkey is indeed an important ally of the United Kingdom. Like us, it is an important member of NATO, and given that its economy is growing at five times the average rate of the eurozone, it is also an important economic player. In the context of defence, there is a great deal that we can exchange with Turkey, and I am delighted that a number of British companies, including BAE Systems, are investing in joint ventures there.

Mr Denis MacShane (Rotherham) (Lab): Does the Minister agree that Turkey and Israel are the only two functioning democracies in the region—and will he therefore increase contact and co-operation with the military in both those countries, particularly with a view to containing, or indeed confronting, an Iranian nuclear bomb threat?

Mr Howarth: I can tell the right hon. Gentleman, who has considerable experience of foreign affairs, that we already co-operate closely with both Turkey and Israel. In this instance, however, I think that Turkey is the important country, and I am delighted that the treaty, which was also signed by my right hon. Friend the Secretary of State at the time of President Gül's visit, will give United Kingdom forces access to training facilities in Turkey.

Mr Julian Brazier (Canterbury) (Con): Will my hon. Friend join me in commending the very restrained and at the same time statesmanlike way in which the Turks have been handling the hideous problem on their borders that has been created by the barbaric behaviour of the Syrian Government?

Mr Howarth: Indeed. My hon. Friend has drawn our attention to a serious matter of concern to all of us in the House, and indeed to the wider community—what is taking place in Syria. The Turks are clearly important and concerned players because they share a border with Syria, and we are watching developments there with close interest.

Armed Forces Pay

9. **Jonathan Ashworth** (Leicester South) (Lab): What recent discussions he has had on armed forces pay; and if he will make a statement. [86901]

The Secretary of State for Defence (Mr Philip Hammond): I provided oral evidence to the Armed Forces Pay Review Body on 13 December. The discussion covered various aspects of the current remuneration package for members of the armed forces, as well as the broader economic context.

Jonathan Ashworth: I thank the Secretary of State for his answer. He will, of course, be aware that the pay freeze and changes to pensions are causing some concern, perhaps even anger in some quarters, not least among non-commissioned officers. Does he have any concerns in that regard, and does he have any contingencies in place should the changes to pensions and the pay freeze lead to an exodus of experienced personnel?

Mr Hammond: The Government recognise the unique and important role played by the armed forces, which is why we doubled the operational allowance to £5,280 tax free, why the incremental pay system will continue during and after the pay freeze, and why we have exempted the armed forces from the average 3% increase in pension contributions that public sector workers will pay. I recognise the concern that the hon. Gentleman expresses, and I have discussed it with the Armed Forces Pay Review Body. The proposals that the Chancellor announced in the autumn statement for continued pay restraint after the freeze include flexibility for the Ministry of Defence to address specific problem areas if we find we are losing, or failing to recruit, specialist staff.

Mr David Nuttall (Bury North) (Con): What does my right hon. Friend think will be the effect on the morale of our armed forces personnel of their pay being frozen this year, while many people on benefits are being given a 5.2% increase?

Mr Hammond: My hon. Friend will recognise that by doubling the operational allowance for the armed forces, exempting them from the pension contributions increase and continuing the incremental pay system, we have sent a very important signal to them about the importance that we attach to them. I think that most members of the armed forces understand that we are facing some very tough decisions in order to get the MOD budget back on track and ensure a sustainable future for our armed forces, and that the restraint was necessary to achieve that.

Mr Kevan Jones (North Durham) (Lab): Frozen pay, reduction in the pension and compulsory redundancies: can the Secretary of State explain how that squares with the Prime Minister's statement in *The Sun* this morning that he intends to uphold the military covenant and support our servicemen and women?

Mr Hammond: I think that the hon. Gentleman was a member of the last Government, so he will be very clear about the scale of the financial problem that the MOD and the wider public sector face. The armed forces are playing their role in helping to correct the deficit and get this country back on track.

Mr Philip Hollobone (Kettering) (Con): What discussions has my right hon. Friend had with the Department for Education about financial incentives to encourage retiring service personnel to take up teaching as a career, in order to get some self-respect and discipline taught to our young people in schools?

Mr Hammond: My hon. Friend will know that the Secretary of State for Education has announced the "troops to teachers" scheme. Work is ongoing to put the flesh on the bones of that proposal, and an announcement will be made in due course.

Aircraft Carriers

10. **Mr Jim Cunningham** (Coventry South) (Lab): What assessment he has made of the likely effects on the defence sector of the aircraft carrier programme. [86902]

The Parliamentary Under-Secretary of State for Defence (Peter Luff): Having visited Govan and Rosyth to see the Queen Elizabeth class carriers under construction, I know that the project is good news for the UK defence industry. It is anticipated that 7,000 to 8,000 jobs will be created or sustained at the tier 1 shipyards, with a further 2,000 to 3,000 jobs in the wider supply chain. Apprenticeship schemes have also been reinvigorated, with nearly 800 apprentices now involved in the project. Some £1.35 billion-worth of equipment subcontracts have been placed, the majority of which have been awarded to more than 75 different UK companies spanning the length and breadth of the UK. With an expected 50-year service life, there will be continued opportunities for UK companies to benefit from this project.

Mr Cunningham: I am sure that companies such as Rolls-Royce will welcome the Minister's statement, but does he agree with the First Sea Lord that if a British aircraft carrier had been available during the Libyan mission, it would have been most cost-effective and efficient to use it?

Peter Luff: Actually, I do not fully agree with that. A carrier might well have been deployed, but the aircraft that were necessary to deploy the missiles we needed were the Tornados and Typhoons, and they did a first-rate job. That proved that the Government made the right judgment in the strategic defence and security review by deciding on a gap in respect of that particular capability.

Sir Menzies Campbell (North East Fife) (LD): Does the Minister recall that an important factor in the decision to continue with the construction of the two aircraft carriers was the availability of the F-35, the joint strike fighter? Is he aware of reports that there is a delay in its development programme? What will be the impact on the effectiveness of the carrier force if there are no aircraft to fly off them?

Peter Luff: The world is full of rumours about the future of the F-35 programme; I hear a new one almost every day. It is true that a lot of questions are being asked, and those aircraft are very important to carrier strike capability, but I shall wait to see what actually happens, rather than joining in the speculation.

Alison Seabeck (Plymouth, Moor View) (Lab): In a written answer to me, the Minister put the estimated cost of converting one of the carriers to the catapult and arrestor system at about £1 billion. Can he therefore tell us whether the Chancellor's announcement in the autumn statement of real-terms cuts in respect of procurement issues of almost £30 billion, extending into the first two years of the next Parliament, is apt, or whether the Prime Minister's promise of a real-terms increase in defence spending of 1% will apply to this and other major projects?

Peter Luff: I can confirm that nothing has happened to our commitment to increase the equipment budget by 1% in real terms from 2015. I have to say that our job would be a great deal easier if the previous Government had not taken the decision to delay the carriers, thus adding an extra £1.3 billion of costs to the programme with no capability gain whatsoever.

Afghanistan

11. **John Mann** (Bassetlaw) (Lab): When he expects UK troops to be withdrawn from Afghanistan. [86903]

The Secretary of State for Defence (Mr Philip Hammond): My right hon. Friend the Prime Minister told the House that UK force levels in Afghanistan will reduce from 9,500 to 9,000 by the end of 2012. By the end of 2014, the security transition will be complete and British troops will no longer be in a combat role. The UK and the international community are committed to Afghanistan for the long term, and a number of UK troops will remain after 2014, including in training roles at the UK-led Afghan national army officer academy.

John Mann: Does the Minister pay more attention to the German Foreign Minister, who wants us in Afghanistan for another 15 years, or to the people of Bassetlaw, who say that now is the time to bring our lads back home?

Mr Hammond: We have a clear plan for the completion of the mission in Afghanistan, which involves transitioning lead security responsibility to the ever more competent Afghan national security forces. That will be done over the next three years, resulting in the withdrawal of the overwhelming majority of our forces by the end of 2014 and the ending of our combat role. That is the position that most people in this country would want to see: a measured and properly controlled winding down of our involvement that protects the legacy that we have won with so much blood and treasure.

Jack Lopresti (Filton and Bradley Stoke) (Con): Will my right hon. Friend assure the House that any reduction in UK force strength in Afghanistan will be based on the improving situation on the ground, not on any political expediency?

Mr Hammond: The trajectory of the force draw-down to the end of 2014 will be determined by the evolution of events on the ground. No prior decision has been taken about the pattern of that draw-down other than that 500 troops will come out next year, as my right hon. Friend the Prime Minister has announced.

Mr Bob Ainsworth (Coventry North East) (Lab): It was widely reported in the press that the Secretary of State had proposed to the National Security Council a draw-down that was accelerated beyond that originally envisaged. Will he tell us what the time scale for decision making is in Afghanistan? I agree with him that this is a very complex theatre of operations, and we have an absolute duty to make things as right as we can as we exit from our combat mission in Afghanistan.

Mr Hammond: As the right hon. Gentleman will know, the National Security Council discussed strategy on Afghanistan last week and a number of different scenarios were considered. It is clear that we must have regard to the decisions that the United States has yet to make about the pattern of its force draw-down. We will want to look again at this issue once it is clear how and when the United States will draw down its forces, but we have made no fixed commitments, other than to reduce the force level by 500 next year and to be out of the combat role by the end of 2014.

Bob Russell (Colchester) (LD): This time last year, 16 Air Assault Brigade was deployed to Helmand province. Many of those young soldiers were also there in 2008 and, based on the time line that the Secretary of State has given, I suspect that some of them be deployed yet again. However, none of those who joined the Army since February 2007 will be entitled to the Jubilee medal. Why not?

Mr Hammond: The simple answer is that the conditions of service requirement attached to that medal is five years' continuous service. The hon. Gentleman is absolutely right that some members of 16 Air Assault Brigade might be deployed for one more Herrick tour before our operations in Afghanistan are complete, but the jubilee service medal is a separate issue and the conditions set for it are very clear.

Mr Jim Murphy (East Renfrewshire) (Lab): In this week before Christmas, our thoughts are with our forces who are separated from their families and in particular those families who continue to feel the loss of a loved one in Afghanistan.

The Bonn conference on Afghanistan cannot be considered to have been a strategic success. I am not blaming the Government for that failure—it was an international responsibility—and the Opposition remain committed to the Afghanistan mission, but for the Government, bipartisanship in Afghanistan cannot mean just getting agreement between the two parties in the coalition Government; it is also about persuading the public and Parliament. What else can the Secretary of State say about his early assessment of the levels of non-combat troop involvement from the UK that will be needed in 2015 in Afghanistan?

Mr Hammond: I am pleased to hear the right hon. Gentleman reiterate the Opposition's support for the Afghanistan strategy, as it is vital that we go forward with a broad measure of consensus. On the post-2014 troop levels, no decisions have yet been made about the level of UK troops in a training, support and advisory role. We will want to take that decision nearer to the time, when we have seen what other international security assistance force nations propose to do and when the level of international funding for the Afghan national security force has been determined and committed to, so that the scale and competence level of ANSF forces can be seen clearly.

Aerospace Sector

12. **Andrew Stephenson** (Pendle) (Con): What steps he is taking to support research and development of military capability in the aerospace sector. [86904]

The Parliamentary Under-Secretary of State for Defence (Peter Luff): I am committed to providing sustained support for science and technology across all aspects of defence. The Ministry of Defence has and will continue to invest in the aerospace sector, developing capability and undertaking research into new ideas. As part of that ongoing investment, I am pleased to announce today that we have placed a £40 million four-year research contract with BAE Systems to explore critical technologies and key systems integration for the UK's next generation of highly capable air systems. The future combat air system research contract is expected to include significant benefits for the wider UK supply base.

Andrew Stephenson: I thank the Minister for that answer and, in particular, for the good news about BAE Systems. However, many companies based in Pendle and Lancashire are small and medium-sized enterprises. Will the Minister say a little more about what he is doing specifically to support SMEs in the aerospace sector?

Peter Luff: We have plans to do more to help SMEs and I had hoped to announce them in the White Paper that I was due to publish this month, but the pressure of Christmas business has delayed that until the new year. I can assure my hon. Friend that there will be good news in that for the SME sector and I also reiterate what I said in my original answer: the future combat air system contract will bring real benefits to small and medium-sized enterprises in the UK, including, I am sure, in my hon. Friend's constituency.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): Does the Minister acknowledge that the British aerospace industry and sector are vital to British manufacturing and that the Department for Business, Innovation and Skills is at this moment conducting a rationalisation of procurement methods? Will he have an intelligent conversation with BIS about how procurement can be longer reaching and longer term in the defence industry?

Peter Luff: All my conversations with BIS are intelligent.

Armed Forces Pay

14. **Diana Johnson** (Kingston upon Hull North) (Lab): What assessment he has made of the advice from the Armed Forces Pay Review Body; and if he will make a statement. [86906]

Mr Speaker: Now for an intelligent answer, from whichever Minister.

The Secretary of State for Defence (Mr Philip Hammond): Apologies for the delay, Mr Speaker. The Armed Forces Pay Review Body reports annually to my right hon. Friend the Prime Minister and to me. Its next report is expected in early 2012.

Diana Johnson: In the 2010 election, the Liberal Democrats promised to raise the pay of our lowest paid soldiers by as much as £6,000. The coalition is now ignoring the Armed Forces Pay Review Body, which will mean a real-terms cut, and the operational allowance, as I understand it, will benefit only a third of our armed forces personnel. Should not promises made to our armed forces be worth more than another abandoned Deputy Prime Minister election pledge?

Mr Hammond: I have already said in answer to an earlier question that we have doubled the operational allowance. That is critical to troops on operations and is hugely appreciated. We have increased the pay of the lowest paid members of the armed forces, even during the pay freeze, by a fixed £250, which is a more significant percentage for those on the lowest pay levels. The hon. Lady can pontificate all she likes from the Labour Benches, but the problem that we are dealing with and that we have to deal with to give our armed forces the stability and confidence they want for the future is based on the legacy of debt from and undeliverable promises made by the previous Administration.

Recruitment

15. **Simon Hughes** (Bermondsey and Old Southwark) (LD): What support is available at higher and further education level for young people who want to join the armed forces; and if he will make a statement. [86907]

The Parliamentary Under-Secretary of State for Defence (Mr Andrew Robathan): Further education support is provided to people who join the services, generally through apprenticeships which include nationally recognised vocational and academic qualifications. For those young people who wish to join the armed forces and have aspirations to continue in higher education, opportunities include the defence sixth-form college at Welbeck; bursaries and scholarships in secondary and further educational establishments; the defence technical officer and engineer undergraduate scheme; and cadetships for students reading degrees in specific professions, such as medicine or the law.

Simon Hughes: That is very welcome, but it is not as well known as it ought to be. Given that next month is the first cut-off date for people applying to go to university next year, will the Minister see if he can make sure that all those who have shown an interest in joining the armed services are told about the support opportunities open to them if they go into the services but also want to carry on in formal education?

Mr Robathan: I take the right hon. Gentleman's point entirely and I agree with him, but those opportunities are quite well known. Some 41 years ago I took up a university cadetship at university, which was very welcome. People who wish to join the armed forces now know that they can get assistance at university and at other educational establishments.

Jim Shannon (Strangford) (DUP): I, too, thank the Minister for his response. I am a member of the armed forces parliamentary scheme who has had the opportunity to attend many Army camps at locations across the United Kingdom. We were told that the MOD had a bursary scheme for those aged 16 to 18, and none of us was aware of that. Can the Minister assure us that it is his intention to raise awareness of the scheme across the whole of the United Kingdom, including Northern Ireland?

Mr Robathan: Certainly. We are not contemplating broadening the scheme to the armed forces parliamentary scheme, but bursaries do exist. I take the hon. Gentleman's point on board, as I did the previous point. We should give the bursary scheme good publicity. However, I think he will find that there is considerable over-subscription to the bursary scheme, not under-subscription, because young people know about it and are a bit quicker than I am.

Mental Health (Veterans)

16. **Stephen Phillips** (Sleaford and North Hykeham) (Con): What support his Department provides to armed forces veterans with mental health disorders. [86908]

The Parliamentary Under-Secretary of State for Defence (Mr Andrew Robathan): Further—wrong one.

Mr Speaker: No. 16.

Mr Robathan: Yes. We will continue to work closely with the Department of Health on the mental health care of our former service personnel. That includes implementation of all the recommendations in the "Fighting Fit" report produced by my hon. Friend the Member for South West Wiltshire (Dr Murrison).

Mr Speaker: I am glad the right hon. Gentleman's sense of humour has not deserted him.

Stephen Phillips: I am grateful to the Minister for that answer. Martin Pratt, about whom I wrote to my right hon. Friend in November, was a constituent of mine before his untimely death. He served his country in the SAS and his experiences were sufficiently traumatic that, long after he had left the Army, he suffered from severe post-traumatic stress disorder which ultimately led to alcoholism and the death of a much loved husband, father and grandfather. It seems clear that there is little understanding in the civilian medical community of such cases of later-life PTSD in military personnel, and very little joined-up thinking between agencies responsible for the care of veterans. I hope that my right hon. Friend can assure Martin's family and the whole House that he will look into this case in detail with his colleagues in the Department of Health so that the lessons that plainly need to be learned are learned.

Mr Robathan: My hon. and learned Friend makes a good point. He will understand that it would be invidious of me to comment on an individual case, but he will understand that I have a particular regimental interest in Mr Pratt. This is a joint venture between the MOD and the Department of Health, and my hon. and learned

Friend should have received—or he will receive it shortly; I have a copy here—a letter from the Minister of State, Department of Health, my right hon. Friend the Member for Chelmsford (Mr Burns), explaining what should have been available and what may not have taken place in this particular case. My hon. and learned Friend must see that letter himself. We are very concerned about this. We are pursuing the "Fighting Fit" report from my hon. Friend the Member for South West Wiltshire and we are putting in place many measures that will assist people who have PTSD and other mental health problems.

Mr Russell Brown (Dumfries and Galloway) (Lab): At the end of last year, the strategic defence and security review announced 35 mental health nurses. Experience shows us that many of the cases that have been diagnosed as either PTSD or veterans with mental health problems date back to the first Gulf war. How confident is the Minister that we will have enough appropriately qualified nurses, and is it the intention to be able to cover all parts of the country?

Mr Robathan: It certainly is the intention to cover all parts of the country. I think that the hon. Gentleman shares my concern that people with mental health problems who have been in the services and who have been affected by their service are given particular care by the Department of Health, assisted by the MOD, and we are determined that that should happen. The extra mental health nurses are being rolled out and I think that most are already in place. That is a Department of Health responsibility, but most, if not all, are already in place, and we certainly take this very seriously. I do not know whether the hon. Gentleman has visited the King's centre for military health research, but I recommend that he does so and that he talks to Professor Wesseley—the right hon. Member for East Renfrewshire (Mr Murphy)will know him—who does an excellent job there on our behalf dealing with mental health.

Christmas (Family Support)

17. **Oliver Colvile** (Plymouth, Sutton and Devonport) (Con): What support his Department is providing to the families of service personnel during the Christmas period. [86909]

The Minister for the Armed Forces (Nick Harvey): We aim to provide the highest level of welfare support to the families of deployed service personnel throughout the year. In addition, local commanders are able to use the family welfare grant to support families with funding for gatherings, children's Christmas events, day trips, pantomimes and coffee mornings. For example, 20th Armoured Brigade has set aside some £16,000 for that purpose. Unit welfare staff will remain on hand to provide help and support throughout the Christmas period.

Oliver Colvile: Earlier today, the military wives choir, which is based in my constituency, released its "Wherever you are" single, which I for one very much hope will be the Christmas No. 1. Will my right hon. Friend be willing to join me in urging the Treasury to give the VAT proceeds to its nominated charities, the British Legion and the Soldiers, Sailors, Airmen and Families Association?

Nick Harvey: I very much endorse the enthusiastic welcome that my hon. Friend has given the military wives choir, which comprises constituents both from his Plymouth constituency and my North Devon constituency. We wish it well with its "Wherever you are" single released today and hope that it will be the Christmas No. 1. Matters of VAT must be addressed to the Chancellor.

Mr Speaker: I am relieved that the Minister of State did not burst into song, but that may happen later in the day—who knows?

Topical Questions

T1. [86917] **John Glen** (Salisbury) (Con): If he will make a statement on his departmental responsibilities.

The Secretary of State for Defence (Mr Philip Hammond): My departmental responsibilities are to ensure that our country is properly defended, now and in the future, through the delivery of the military tasks for which the MOD is mandated; that our service personnel have the right equipment and training to allow them to succeed in the military tasks; and that we honour our armed forces covenant. In order to discharge those duties, I have a clear responsibility to ensure that the Department has a properly balanced budget and a force generation strategy and a defence equipment programme that are affordable and sustainable in the medium to long term.

I am deeply aware that our people are the greatest assets of the armed forces, and I am sure that all Members of the House will want to join me in wishing all of them, especially those who are away from home over the festive period, a happy and a safe Christmas.

John Glen: I thank my right hon. Friend for his answer. Will he update the House on the status of the service chiefs' review of force generation and sustainability, which among other things was looking at harmony guidelines? I am sure that my right hon. Friend will be aware that if he adopted the Navy's harmony guidelines, he would secure a significant saving across the MOD.

Mr Hammond: The single service chiefs are reviewing force generation issues in the light of the proposed change structure of the armed forces. The issues around harmony are different in the three services, and it is right that the individual services develop harmony guidelines that are right for their conditions and allow them to operate within their single service budgets.

Mr Jim Murphy (East Renfrewshire) (Lab): The Minister with responsibility for veterans has confirmed the proposals to cut MOD police by 50%, which has been described by the Defence Police Federation as "irresponsible and ill thought out". There will be real worries about the impact on the protection of munitions stores and barracks. Will he guarantee that there will be no cut in MOD police numbers at the most sensitive of bases, particularly Faslane and Coulport?

The Parliamentary Under-Secretary of State for Defence (Mr Andrew Robathan): Security, particularly of our nuclear installations, is absolutely at the top of our list of priorities, but that does not mean that we cannot organise things better, which is what we are looking at. May I just say to the right hon. Gentleman that we struggle with the huge black hole in the money that he left us?

T2. [86918] **Mr Peter Bone** (Wellingborough) (Con): If there was a terrorist attack on this country and the Prime Minister was killed, what would be the Secretary of State's role in co-ordinating a military response and who would be in charge of the country? Would it be the Deputy Prime Minister?

Mr Hammond: As you would expect, Mr Speaker, robust arrangements are in place for dealing with any such contingency, but I will not talk about them in the Chamber today.

Angus Robertson (Moray) (SNP): Last week the Russian aircraft carrier Admiral Kuznetsov and its support group were moored off the north-east coast of Scotland. Will the Secretary of State confirm that not a single fixed-wing UK maritime patrol aircraft was available and no appropriate naval vessels were able to deploy from a Scottish base because there are none in that category?

Mr Hammond: The hon. Gentleman rather narrowed the scope of his question at the end by saying "able to deploy from a Scottish base". We operate the UK armed forces and our response is on a UK-wide basis. I will check the facts of the incident and write to him.

T3. [86919] **Harriett Baldwin** (West Worcestershire) (Con): Cyber-security is an integral part of the nation's defences, so may I invite the new Defence Secretary to visit the wide range of cyber-security firms located in cyber valley in Malvern in my constituency?

The Parliamentary Under-Secretary of State for Defence (Peter Luff): The Secretary of State and I have just carved up our diaries and I, as the Minister responsible for industry, equipment and science, will be prepared to make the long and arduous journey from Mid Worcestershire to West Worcestershire to visit those firms, hopefully at an early date.

Paul Flynn (Newport West) (Lab): What steps is the Secretary of State taking to reduce tension between the west and Iran, as there is a possibility of a war between our two countries, the consequences of which would be unimaginable?

Mr Hammond: The Government's policy remains one of both applying pressure and maintaining engagement with Iran in the sincere hope that the crisis can be resolved peacefully.

T4. [86920] **Margot James** (Stourbridge) (Con): May I sing in unison with my hon. Friend the Member for Plymouth, Sutton and Devonport (Oliver Colvile) in congratulating the military wives and crave your indulgence, Mr Speaker, on this festive occasion by presenting an advance copy of the disc, via my hon. Friend the Member for Devizes (Claire Perry) who is sitting in front of me, to the Secretary of State for his enjoyment on one of the long car journeys that I know he enjoys so much?

Mr Hammond: I am grateful to my hon. Friend. I had the great pleasure of meeting members of the military wives choir when they performed at Downing street a couple of weeks ago, and we wish them every success for a Christmas No. 1 next week.

Dan Jarvis (Barnsley Central) (Lab): Does the Secretary of State believe that the utility of military force as an instrument of UK foreign policy is more relevant or less relevant than it was, say, 30 years ago, and how does he intend to reflect that in future UK defence policy?

Mr Hammond: That is a very deep but helpful question. The Government are clearly committed to integrating defence diplomacy with our wider diplomatic effort to ensure that the UK's Government-wide objectives are best delivered through the use of all the assets available, including our defence assets, and my right hon. Friend the Foreign Secretary and I will publish our strategy for defence engagement in the new year.

T5. [86921] **Simon Hughes** (Bermondsey and Old Southwark) (LD): I warmly welcome the Prime Minister's announcement today that he is setting up a Cabinet Committee to deal with all matters relating to the armed services and veterans. I ask that the Committee prioritises housing issues, which are referred to often, and that there is an indication of how colleagues in this House and members of the armed services and their families outside can give evidence to the Committee.

Mr Robathan: I thank the right hon. Gentleman for his question, because I think that the announcement shows that we are prioritising the needs of our service, particularly ex-service personnel. I am absolutely certain that housing will be at the top of the list of matters that are discussed. It is a Cabinet Committee and so will not be taking evidence, but I am sure that it will receive representations and submissions, which will be very welcome.

Alex Cunningham (Stockton North) (Lab): I am pleased that companies including Darchem Engineering in Stillington in my constituency still have contracts related to the new aircraft carriers, but with which of our partner nations' carriers will the new carrier-variant aircraft be interoperable?

Peter Luff: One major gain of moving to the carrier-variant joint strike fighter is enhanced interoperability with our United States allies, in particular, but there will also be interoperability with the French. The change produces real opportunities for interoperability.

T6. [86922] **Mary Macleod** (Brentford and Isleworth) (Con): I have recently urged Hounslow council to review its banding criteria for council housing for ex-service personnel. What discussions has my right hon. Friend had with the Department for Communities and Local Government and the Minister for Housing and Local Government to ensure that there is provision for ex-service personnel, who have done so much for this country?

Mr Robathan: I am very pleased to receive that question from my hon. Friend. The Minister for Housing and Local Government, as she will know, has a committee—of which I am a member—that discusses those matters, and as I mentioned earlier he recently announced a consultation on priority for ex-service personnel on social housing lists. The community covenants that we are taking forward are specifically with local authorities,

so that service personnel leaving the armed forces are given assistance and receive proper recognition in social housing, as elsewhere.

Mike Gapes (Ilford South) (Lab/Co-op): The previous Government established the St Malo agreement with France, and the previous Secretary of State for Defence took it further. Will the current Secretary of State have words with the Prime Minister to ensure that his current attitude to France does not damage our important programme of defence co-operation?

Mr Hammond: I can reassure the hon. Gentleman that the Prime Minister's attitude is that we have a commonality of interests in securing strong defence in Europe, and that bilateral relationships between Britain and France will be mutually beneficial to both countries. We are advancing our defence co-operation with France and expect to conduct a defence summit in February.

T8. [86924] **Andrew Stephenson** (Pendle) (Con): I welcome the news that armed forces personnel will be used to aid security at the Olympics games, but will any of those returning from Afghanistan end up having their post-operational leave cancelled and, instead, be posted to Olympic duties?

Mr Hammond: Some of those returning from Afghanistan may at some point be involved in Olympic duties, but no one will lose their post-operational leave. Post-operational leave has to be scheduled anyway, and it will be scheduled around the requirements of the Olympic task.

Caroline Lucas (Brighton, Pavilion) (Green): May I press the Minister for more detailed figures on the capacity being built at Aldermaston for a possible new warhead? When will he announce the specific breakdown of costs associated with that and, in particular, with the Octans and Orchard programmes, and will he do so through a statement to the House, rather than by slipping it out in a written answer?

Peter Luff: I do not know how often one has to say this: no expenditure at the Atomic Weapons Establishment is being incurred to enable a new warhead; it is to sustain the security of the existing stockpile. I do wish the hon. Lady would get this into her head: no money is being spent on new warheads.

T9. [86925] **Mr John Baron** (Basildon and Billericay) (Con): The Secretary of State will understand the significance of the fact that only 3% of Afghan security forces are from the Pashtun south, particularly when it comes to how successful our handover will be in 2014. What progress is being made to improve the imbalance in ethnicities before our troops withdraw?

Mr Hammond: My hon. Friend is right to draw attention to that continuing issue. The Pashtun percentage in the ANSF is very much higher than 3%, but he is right that Pashtun recruits tend to be northern rather than southern. The ANSF has strategies to address that, and the situation is slowly improving, but it remains one of the important issues that has to be addressed if we are to create a stable and sustainable Afghan Government.

Derek Twigg (Halton) (Lab): In the past week I have intervened in the case of a constituent who is being made redundant from the Army in a few weeks' time, to ensure that he is able to get social housing and an educational place for his child. He had little help from the MOD, so will the Minister look again at what help is being given to those who are made redundant? Specifically, I have been told that education legislation does not prioritise those being made redundant, as it does those being given a new posting, and that is completely wrong.

Mr Robathan: I should be grateful if the hon. Gentleman wrote to me with the details of the case, which I will certainly take up. We remain committed to both social housing and educational benefits for those leaving the services, and I am not sure whether the situation to which he refers is correct, but I will pursue it if he takes it up with me.

Stephen Gilbert (St Austell and Newquay) (LD): On Friday evening, I visited 781 squadron of the Air Training Corps, based in Newquay, and I saw the great work done there. What plans does the Minister have to develop and further support our cadet forces?

Mr Robathan: We absolutely believe in the value of our cadet and youth organisations, and not just the armed forces cadet organisations. The Air Training Corps does fantastic work. We are looking to expand, if we can, cadet organisations, particularly the combined cadet forces in all schools. However, the cost is quite large and we are short of money. Nevertheless, we are looking into the matter at the moment—indeed, as I speak.

Tom Greatrex (Rutherglen and Hamilton West) (Lab/Co-op): In his earlier reply, the Minister referred to the touching issue of homelessness. I spent the weekend with soldiers off our streets in my constituency; many homeless veterans are slipping through the net. What work will the Minister be doing, including with the devolved Administrations, to ensure that veterans on the streets are helped to adjust to civilian life again?

Mr Robathan: That is, of course, a matter for the devolved Administrations but we are in close contact with them, particularly over the covenant. The Scottish and Welsh devolved Administrations have accepted the covenant in full—I think the Northern Ireland devolved Administration have as well, although there are slight differences there. We certainly wish to see our ex-service personnel receive proper housing support in Wales, Scotland and Northern Ireland as well as in England. If the hon. Gentleman has a particular case in mind, I would be grateful if he wrote to me.

Mark Lancaster (Milton Keynes North) (Con): I remind the House of my interest. Will the Minister confirm that no distinction will be made between "regular" and "reserve" when it comes to the qualification criteria for the Queen's diamond jubilee medal?

Mr Robathan: My hon. Friend speaks with some passion, and he has spoken to me about the issue before. I can confirm that reservist personnel will receive the diamond jubilee medal if they qualify. I believe that we have made sure that the anomaly that took place at the Queen's golden jubilee will not apply next year.

Mr David Hanson (Delyn) (Lab): On service pay, the Secretary of State for Defence has again prayed in aid the operational allowance. For my benefit, will he confirm how many, in percentage terms, of our service personnel will receive that operational allowance over the next three years?

Mr Hammond: I am doing the maths on my feet; there are about 9,500 people in Afghanistan on a five-cycle rotation, so the answer is about 45,000 or 47,000 of our armed forces personnel.

Mr Dominic Raab (Esher and Walton) (Con): Following the failure of the congressional committee to agree savings as part of the deal to raise the debt ceiling, the US military faces automatic spending cuts of up to $500 billion from 2013. What reassurances have Ministers sought specifically about the impact that that may have on UK-US co-operation in intelligence and counter-terrorism?

Mr Hammond: I assure my hon. Friend that we are having regular discussions with US counterparts; I am going to Washington immediately after the new year holiday. Whatever happens, our strong security and intelligence relationship with the US will continue. It benefits both parties and is at the very heart of our strategy.

Mr Iain Wright (Hartlepool) (Lab): On Friday, I attended a ceremony to commemorate the 97th anniversary of the bombardment of the Hartlepools. It was the first direct attack on the mainland for centuries, and 118 people, including 37 children, were killed. Given the national and local significance of the event, what steps will the Government put in place to commemorate the centenary in three years' time?

Mr Robathan: I pay tribute to those of my grandfather's generation who did so much in the first world war—what they did is almost beyond our ken. The issue is to do with history, and for that reason the Department for Culture, Media and Sport leads on it. However, as the hon. Gentleman may know, my hon. Friend the Member for South West Wiltshire (Dr Murrison) has been appointed the special representative on the first world war and he will deal with all the commemorations. He will co-ordinate input from the Ministry of Defence, the DCMS and the Imperial War museum for the nation as we approach the centenaries of the 1914 to 1918 period.

Elizabeth Truss (South West Norfolk) (Con): Given the sterling performance of RAF Marham servicemen in Libya and the strategic and economic advantages of the base, when a decision is made in the spring about basing for the joint strike fighter, will RAF Marham not be the ideal candidate?

Mr Hammond: I give my hon. Friend full marks for her persistence on behalf of her constituency interest, but I have to tell her that it is far too early to make a decision about where the joint strike fighter will be based.

Foreign National Offenders

3.34 pm

Chris Bryant (Rhondda) (Lab) *(Urgent Question)*: To ask the Secretary of State if he will make a statement on the Home Office report on the number of foreign national offenders who have committed crimes on release before being deported.

The Minister for Immigration (Damian Green): This Government believe that foreign criminals should be returned to their home country at the earliest opportunity, and the UK Border Agency always seeks to remove them. Last year we removed more than 5,000 foreign criminals, 43% by the end of their prison sentence. Where there are barriers to early removal, the agency seeks to detain them to protect the public. However, the agency has to operate within the law. It must release foreign offenders when ordered to do so by the courts and release low-risk offenders where there is no realistic prospect of removal within a reasonable period. When this happens, the agency works closely with the police and the National Offender Management Service to reduce the risk of reoffending. Deportation action continues in all cases.

There are 3,940 foreign offenders in the community, 90% of whom were released by the courts. Deportation can be delayed for many reasons, including challenges under human rights legislation, the situation in the offender's home country, and lack of co-operation by the offender or his home Government in getting essential travel documents. We are doing everything in our power to increase the number and speed of removals. We now start deportation action 18 months before the end of the sentence to speed up the deportation process. We are chartering flights to remove foreign offenders to many more long-haul and challenging destinations. We will change the immigration rules to cut abuse of the Human Rights Act 1998. We will open more foreign national-only prisons, and we will be able to remove more European offenders through the prisoner transfer agreement. The House can therefore see that we have already taken significant action to address this long-standing problem and intend to take further action in the months ahead which I hope Members on both sides of the House will support.

Chris Bryant: Well, quite the opposite, in fact. The trouble is that the rhetoric does not fit with the facts. We learned this weekend that a report has been sitting in the Minister's hands for weeks and yet he had absolutely no plans to publish it. When was he going to reveal the true figures to this House? Will he publish the report, in full, this afternoon? Will he confirm that according to the report by the independent chief inspector of the UK Border Agency, John Vine, there were 3,775 foreign national offenders awaiting deportation in May this year, and that according to the secret internal Home Office report in his hands, that figure had leapt by September by nearly 500 to 4,238—higher than the number that the Minister just gave us? That equates to seven foreign criminals in every constituency awaiting deportation. Is not that an increase of 12.5% in just four months? Can the Minister tell us where these people are? To be precise, can the Home Office be precise about the whereabouts of every single one of these people? If not, then contrary to what the Minister says, he has absolutely no means of deporting any one of them.

Will the Minister confirm that the number of foreign national offenders deported has actually fallen this year—fallen, not risen—by more than 700, an astounding figure? Will he confirm that the number of staff at the UK Border Agency is being cut by 6,500? Will he confirm that foreign criminals who left prison this year and have not yet been deported have been arrested and charged with violent crimes? If so, how many; and does that include murder, kidnapping and violence to the person?

So far on the Minister's watch, we have seen numbers of staff at the UK Border Agency going down, numbers of foreign national offenders deported going down, and numbers of foreign criminals in our midst going up. Does the Minister not realise that that is the wrong way round? I urge him to get a grip as soon as possible, to publish the figures, to publish his secret report, and to put a real plan in place to ensure that more, not fewer, foreign criminals are deported: fewer words, more action.

Damian Green: The problem for the hon. Gentleman is that he should think carefully before asking urgent questions about newspaper reports that he has not read very carefully. All the figures in the newspaper report that he is relying on start not in May 2010 but in March 2009, so they cover a large period when his Government were in power. He appears to have forgotten that under his Government foreign national prisoners were freed on a routine basis without even being considered for deportation.. Indeed, let me give him some figures to show what has changed for the better.

Between 1999 and 2006, 1,013 foreign national offenders were released from prison without consideration for deportation. In 2009-10 the figure was 64 and in 2010-11 it was 28. Over the past two years, all 92 have been considered for deportation and 10 have already been removed—a stark contrast with the complete failure under the previous Government.

Chris Bryant: Seven hundred fewer.

Damian Green: The hon. Gentleman asked about violent criminals. Again, I tell him in all friendliness that he should check his facts before he comes to the Dispatch Box. The report at the weekend mentioned three cases involving murder. I have checked the facts. One of those people was charged and acquitted, so was not a murderer at all. Of the other two, one was not only released from immigration detention under the previous Government, but committed the murder for which he was convicted under the previous Government. That is not the previous Government's fault. People who commit murder commit a crime on their own responsibility. However, the hon. Gentleman should not attempt to distort facts and figures to serve a political purpose, particularly when he is on such weak ground.

Of the 90% of people who have been released by the courts, 60% were released under human rights legislation. We will change the immigration laws to stop the abuse of article 8 of the European convention on human rights.

Chris Bryant: Seven hundred fewer.

Damian Green: Having failed with his question, the hon. Gentleman is now trying again from a sedentary position, non-stop. I invite him to lead his party in supporting our legislation, when it is brought forward, to change the Human Rights Act so that it better reflects the British people's view of what human rights should be.

May I correct one canard that the hon. Gentleman has repeated a lot, which is that this Government propose to cut the number of staff at the UKBA by 6,500? It has been a matter of a public document for more than a year that in the current spending review period, we will cut the number by 5,200. Again, I gently tell him to stop using the 6,500 figure, because the first 1,300 of those people were planned to be cut by the previous Labour Government.

Mark Field (Cities of London and Westminster) (Con): The general public will find it rather unedifying to watch this blame game, when what they want is to be protected from dangerous foreign criminals who should have been kicked out of the country. Will the Minister tell us why, in his 18-month tenure, there has not already been a move to alter the human rights legislation to which he referred? What impact does he think that legislation has had on the severity of this problem, which clearly has not come about since May 2010 but has been around for some years?

Damian Green: The problem has indeed been around for some years. As I said in my introductory remarks, we have taken a number of measures to make the system more effective, the most important of which was to ensure that every foreign national offender who is in prison starts having their deportation considered 18 months before the end of their sentence. That is the most effective way to ensure that we do not have hundreds of people or, as in some cases, more than a thousand people falling through the cracks.

My hon. Friend is right about human rights legislation. I apologise if we have been too slow for his taste in bringing reforms forward. As he will know, we produced a consultation document some months ago suggesting changes to human rights legislation. Given the tenor of the exchanges so far, I expect our changes to receive support from both sides of the House.

Keith Vaz (Leicester East) (Lab): The Minister will know that the Home Affairs Committee's last report on the UKBA emphasised that the crucial relationship in respect of foreign national prisoners was that between the Prison Service and the UKBA. Fifty per cent. of such people have been waiting for up to two years for removal. The Minister has used the 18 month figure several times. Could we not start looking at deportation the moment the prisoner enters the prison system?

Damian Green: Obviously, the practical point is that it depends on the length of the sentence. As the right hon. Gentleman knows, if somebody is sentenced to more than a year they are up for deportation at the end of their sentence, so what he suggests effectively happens. I am grateful to him for both the Committee's thoughtful reports and the tone of his question, which gets to the heart of the matter. There has to be better co-ordination between the Prison Service and the UKBA. We have taken significant steps towards achieving that, and I am sure that more steps need to be taken in future.

Tony Baldry (Banbury) (Con): In many cases the trial judge makes an order for deportation as part of the sentence, but a significant number of offenders destroy their passports and paperwork in an attempt to frustrate deportation. Would two things be possible? First, the trial judge could be invited to make a finding of fact at the time of sentencing about the citizenship of the offender. Secondly, to follow on from the question asked by the Chair of the Home Affairs Committee, notice could be served on the offender's high commission or embassy indicating that on completion of the sentence the individual would be deported to the country concerned, and inviting the full co-operation of that embassy or high commission.

Damian Green: I am grateful to my hon. Friend for those helpful and practical suggestions, some of which the UKBA already attempts to operate. He will be aware that most countries co-operate with the process entirely and are extremely helpful but, sadly, some countries are much less helpful. One measure that we are taking to ensure that the situation improves in the years ahead, as it needs to, is persuading Governments who are less keen than others on helping us with returns to be more helpful and co-operative about accepting their nationals back.

Frank Dobson (Holborn and St Pancras) (Lab): When a prisoner is sentenced to imprisonment and deportation, why do we not just deport them straight away and save the expense of sending them to jail?

Damian Green: Successive Home Secretaries and Immigration Ministers have grappled with that suggestion. One problem is that we would need to know that offenders would be sentenced to some kind of equivalent term in their own country. Otherwise, we would have the terrible situation that somebody could commit a serious crime in this country in the full knowledge that the worst thing that would happen to them if they were caught and convicted would be that they were returned home free to their own country. I cannot believe that the right hon. Gentleman wants that to happen. That is why successive Governments have not taken that path.

Charlie Elphicke (Dover) (Con): I have seen people in the Dover removal centre who have been there for three years, being held in stasis after having served their sentence. May I urge the Minister to take all measures possible to get such people out of the system as quickly as possible? It seems basically unfair that they should be incarcerated when they have served their sentence.

Damian Green: I take my hon. Friend's point, and he is assiduous in his work on the conditions at the removal centre in his constituency. I can assure him that this Government—like the previous Government, to be fair—will keep people in detention after their prison sentence has finished only if they are thought to pose a danger to the wider community. I am sure he will appreciate that if such people cannot be deported immediately for the reasons that we have been discussing, but they pose a danger to the British public, the best place for them is in immigration detention.

Mr David Winnick (Walsall North) (Lab): Is it not clear that the reason why the Home Secretary is not here to make the statement herself is that her Department is in such a shambles over matters relating to immigration control? Can the message be sent to her loudly and clearly that it is time she got a grip on her Department?

Damian Green: The hon. Gentleman has been here long enough to know that if the shadow Minister for Immigration asks an urgent question, it is answered by the Minister for Immigration. That is the way things work.

Mr Peter Bone (Wellingborough) (Con): Would not the British Government prefer foreign nationals who come here, commit a crime and are put in prison to be sent home to their country early, rather than be kept in prison and let out again to commit further crimes?

Damian Green: As I explained to the right hon. Member for Holborn and St Pancras (Frank Dobson), it seems slightly perverse for anyone to want to send out a signal that if someone commits a serious crime in Britain, uniquely in the world they will get off with either no sentence or a very short one. We want people to know that if they commit a crime in this country, they will be caught and convicted. If they are convicted, they should serve a proper sentence. Of course it would be preferable if they could serve some of that sentence in their own country, and we have negotiated arrangements to that end with certain countries.

Malcolm Wicks (Croydon North) (Lab): Following the murder of one of my constituents, and following the murderer's being sent to prison, it was put to me by other constituents that this man—the murderer—might be a foreign national. I did not know whether that was true, so I wrote to ask the Minister. The Minister replied that he could not tell me and that the only way I could find out was to seek the permission of the murderer—no doubt because of human rights. Is not the Minister's reply, and this situation generally, total nonsense? Sometimes it is the Member of Parliament who can track such individuals, to ensure that the Home Office is doing its duty.

Damian Green: I rather agree with the right hon. Gentleman. The amount of data protection that Ministers are required to observe may well seem absurd, and I can reassure him that I found it absurd as well. Indeed, those sorts of messages go out to Members of Parliament much less frequently than in the past, because I have changed the system.

Andrew Bridgen (North West Leicestershire) (Con): Will the Minister share with the House what specific steps he will take to prevent the misuse of human rights law from stopping the deportation of dangerous foreign criminals?

Damian Green: As my hon. Friend will know, we produced a consultation document a few months ago. He will have to wait for the final verdict on the deliberations, but he will be as aware as I am that the pleading of human rights—in particular family rights, under article 8 of the European convention on human rights—has been distorted beyond all measure, principally by courts in this country in this instance, rather than by the European Court. We want to send much clearer guidance to our judges, so that they know where the balance should lie between the rights of the individual and the rights of the community, because that balance has got completely out of kilter.

Cathy Jamieson (Kilmarnock and Loudoun) (Lab/Co-op): Can the Minister say how many prisoners who are due to be deported are currently detained in Scottish prisons? Also, when did he last speak to the Cabinet Secretary for Justice in the Scottish Government to ensure that this matter is dealt with as quickly as possible?

Damian Green: I speak to the Justice Secretary in the Scottish Government on a regular basis about various issues, because of the devolved powers in this area. I am afraid I do not have the exact figure that the hon. Lady asks for to hand, but I will write to her with it.

Mr Philip Hollobone (Kettering) (Con): Will the Minister name and shame the three countries from which most of the foreign nationals in question come and that are being the most awkward in facilitating their return to secure detention in their own countries?

Damian Green: Two were named in the weekend press, but they were not, in fact, the most awkward. Awkwardness is difficult to define. The two countries named were Jamaica and Nigeria, whose nationals account for most such prisoners. However, I should pay tribute to both countries' Governments, who are considerably more co-operative now than they were. I visited Nigeria recently, where I visited a prison, part of which had been built by the British taxpayer specifically to make it easier for us to return Nigerian national prisoners to Nigeria. That is the kind of practical action we are taking.

Mr John Spellar (Warley) (Lab): Did not the Minister's reply to my right hon. Friend the Member for Croydon North (Malcolm Wicks) demonstrate exactly how he is failing in this job? He is just the mouthpiece for his civil servants, who are still pumping out the same old line. However, perhaps he can help us on a couple of issues on which he did not reply to the shadow Minister. Does he have a clue where the various prisoners are or how many are in the west midlands, for example?

Damian Green: At this moment it is quite difficult to say where every individual in this country is, or where any sub-set of those individuals is, because they may be travelling around. We put strict reporting arrangements on all who are released—both those released by the courts and the 10% released by the UKBA. We use electronic tagging and monitor them carefully so that we know where they are. That is why, as an example, we are in touch with all 92 individuals who were released without being considered for deportation over the last two years. We are pursuing deportation for all of them, and 10 have already been removed.

Andrew Stephenson (Pendle) (Con): On 7 November, giving an answer in the House, the Minister said that there were 162 successful appeals by foreign criminals against deportation in October to December last year, of which 99 were allowed on article 8 grounds. Does the Minister agree that it is a bit rich of the

Opposition, who introduced the Human Rights Act and who now oppose its reform, to bring this matter up today?

Damian Green: I am always willing to welcome repentant sinners, so if Labour Members were to support our reform of human rights legislation, I am sure that we would be delighted.

Tony Lloyd (Manchester Central) (Lab): Notwithstanding the Minister's answers on the reform of the Human Rights Act, Britain has a good reputation historically for not sending people back if there is a reasonable chance that they will face torture or death. Will he guarantee that that will still be the benchmark against which we will be measured?

Damian Green: Of course that will remain the law. The hon. Gentleman takes a close interest in these matters, and I am sure that he will recognise that there is something absurd about a situation in which "human rights" has become a boo phrase, and in which many people in this country regard human rights as something that gets in the way of justice. That is nonsense—

Chris Bryant: That is because of your speeches.

Damian Green: If the hon. Member for Rhondda (Chris Bryant) believes that, he really is completely out of touch with reality.

Mr Dominic Raab (Esher and Walton) (Con): I welcome the Home Office's review of article 8 and the right to family life. Successful article 8 challenges to deportations are running at about 400 a year, and they include that of the man with no dependants who was convicted of killing my constituent, Bishal Gurung. Will the Minister tell the House when the Home Office review will report, and is he mindful of the evidence from the Lord Chief Justice and the President of the Supreme Court that changes of this nature would require primary legislation?

Damian Green: Obviously, we are mindful of all the representations we have received on the consultation. We will come to a conclusion within the next few months. My hon. Friend's point is clearly a serious one, and we are looking carefully into the fastest and most effective method of achieving what I hope we all want to achieve.

Nic Dakin (Scunthorpe) (Lab): The Home Office's quarterly figures for the removal of foreign criminals from the UK show that, in the first quarter of 2009, the figures were consistently between 1,300 and 1,400, but that they fell to 936 and 1,056 in the last two quarters. Can the Minister explain that change in the numbers?

Damian Green: Some of the reasons relate to the fact that fewer people are coming into the system. Also, there is an increasing cohort of people who have been here a long time and who are therefore able to have lengthy legal processes. All the points that I have already mentioned are used by individuals to delay the process.

Steve McCabe (Birmingham, Selly Oak) (Lab): Does the Minister know how many released foreign prisoners have had to be rearrested for the commission of sexual offences?

Damian Green: I do not know that figure off the top of my head, but if I find it, I will certainly pass it to the hon. Gentleman and put it in the Library of the House.

Kevin Brennan (Cardiff West) (Lab): The figures seem to show a sudden drop in the last two quarters, down from 1,339 to 936 and then barely above 1,000. There seems to be something going on that is more significant than a long-term trend. Will the Minister look again at why the number of foreign national offenders being removed seems to have dropped off a cliff edge in the past six months?

Damian Green: I do not accept that characterisation. Indeed, as the hon. Gentleman says, the figure went down and it has now gone back up again. As I explained to the hon. Member for Scunthorpe (Nic Dakin), there are a number of reasons for the change, some of which are precisely related to the changes that we have introduced and will introduce to stop people using and abusing the legal system to enable them to stay in this country when they have no right to do so.

Banking Commission Report

4.58 pm

The Chancellor of the Exchequer (Mr George Osborne): The Government are proposing the most far-reaching reforms of British banking in our modern history. Our objective is to make sure that what happened in Britain never happens again, that taxpayers are protected and that customers get a better service. Last year, the Business Secretary and I set up the Independent Commission on Banking to look at what has been called the British dilemma—that is, how Britain can be home to one of the world's leading financial centres without exposing British taxpayers to the massive costs of those banks failing.

In the years leading up to the financial crisis, a failure of regulation contributed to the build-up of a debt-fuelled boom. Banks borrowed too much and took on risks they did not understand. When the bubble burst, these banks turned out to be too big to fail, and the last Government had to spend billions of pounds bailing them out. Of course, major financial institutions in other countries were bailed out by their taxpayers, but the British bail-outs were on a different scale. The Royal Bank of Scotland bail-out was the biggest in the world. The recent report of the Financial Services Authority on the failure of RBS attributed that to

"poor decisions made by the RBS management and Board"

against a backdrop of a regulatory regime that failed to stop them. The politicians responsible are named in the report.

This Government are determined to do better at protecting British taxpayers from the cost of failing banks, while at the same time acknowledging the importance of the financial sector to our country. Britain should remain home to one of the world's leading financial centres and the home of global banks, but the strength of this industry is also a potential weakness to the economy if not properly regulated.

The sector supports nearly 1.4 million jobs—not just in the City of London but across the whole of the UK. The balance-sheet of our banking system is close to 500% of our gross domestic product, compared to 100% in the US and 300% in Germany and France. So while a European and international regulatory response to the crisis is important, we cannot rely on this response alone to make our banking system safe. We in this Parliament have to take action—and under this Government, we are.

We are putting the Bank of England back in charge of prudential regulation; we have created the Financial Policy Committee to look at risks across the financial system; and I welcome today's report from the Joint Committee on the draft Financial Services Bill. I wanted proper pre-legislative scrutiny. That has happened, and we will respond in the new year so that we improve the legislation. We have also introduced a permanent bank levy on wholesale funding and we have introduced the toughest and most transparent pay regime of any major financial centre in the world. We also need to address the structure of our banks, however. That is why the coalition Government set up the Independent Commission on Banking. I again want to thank Sir John Vickers and the other members of the commission—Clare Spottiswoode, Martin Taylor, Bill Winters and Martin Wolf—for their impressive report.

The report made three main recommendations: first, that everyday high-street banking services should be separated from wholesale and investment banking activities, and that this be done via a ring fence; secondly, that banks be required to have bigger cushions to absorb losses without recourse to the taxpayer; and thirdly, that competition in the banking sector be strengthened by increasing the number of banks on the high street and the power of customers to switch accounts. When the final report was published in September, I made it clear that I welcomed these recommendations in principle and would return to the House by the end of the year. Today, I fulfil that commitment. Let me set out in detail how the Government plan to respond, and invite further views before we publish a White Paper next spring.

First, the Government will separate retail and investment banking through a ring fence. It is important to know that this ring fence will not prevent banks from failing, but it does mean that if banks get into trouble, those elements of the banking system that are vital for families, businesses and for the whole economy can continue without resort to the taxpayer, so the following will be in newly ring-fenced banks: the deposits of individuals and their overdrafts, and the deposits and overdrafts of small and medium-sized businesses. They will all be kept separate from riskier wholesale and investment banking, which will have to be outside the ring fence. Larger corporate deposits and lending and private banking can be either in the ring fence or outside. The ring-fenced bank will be legally and operationally independent; it will be able to finance itself independently and have its own board; and there will be limits on the amount it can lend to the rest of the group. The commission's interim report proposed a de minimis exemption for small banks that were clearly not systemic, and we invite opinion on whether to proceed with that. Our objective is clear. We want to separate high-street banking from investment banking to protect the British economy, protect British taxpayers and make sure that nothing is too big to fail.

Secondly, we will make sure that banks have bigger cushions, so they are better able to withstand losses. The international Basel III requirement, which the UK was instrumental in negotiating, requires banks to hold minimum equity capital of 7%, and there is a top-up for systemically important banks. We will go further. Large ring-fenced retail banks will be required to hold equity capital of at least 10%, and there will also be a minimum requirement for the loss-absorbing capacity of big banks of at least 17%. This requirement will apply to the UK operations of British banks, and will also be applied to the non-UK operations of UK-headquartered banks unless they can demonstrate that they do not pose a threat to the UK taxpayer.

I can also confirm that the Government will introduce the principle of depositor preference: in other words, the principle that unsecured lenders to banks, who are better placed to monitor the risks that banks are taking on, should have to take losses ahead of ordinary depositors. We seek further views on the best way to implement this principle. This comes on top of the guaranteed protection offered by the Financial Services Compensation Scheme, which covers 100% of eligible deposits up to £85, 000.

Those proposals on loss absorbency will also strengthen the European single market. One of the greatest distortions to the single market in banking is the perceived implicit taxpayer guarantee for all European banks. Through these proposals, the UK is setting out a plan to remove that distortion for UK banks. The European Commission has indicated that it plans to consider what it can do to reconcile it at EU level. I welcome that, and the UK will engage actively in the debate.

This House and other member states have objected to the European Commission's proposals to impose maximum standards for bank capital. These proposals undermine efforts that we and others are making to improve financial stability and the single market, and bodies such as the International Monetary Fund believe that they also water down the international Basel III agreement, giving exemptions to globally active banks in certain European countries. Along with others, we will seek changes to ensure that the EU faithfully implements international agreements.

Thirdly, the Government will take action to increase competition in the banking sector. As a result of the disappearance of banks such as Bradford & Bingley and the last Government's decision on the merger of Lloyds and HBOS, the banking sector is dominated by a handful of large banks. Last year, just four banks took 70% of the market share. We need new banks to enter the market and provide consumers and businesses with more choice. Last month the Government announced the sale of Northern Rock to Virgin Money, which creates a new competitor in our retail banking sector. In the coalition agreement we made it clear that we wished to foster diversity in financial services, including the promotion of mutuals. We welcome last week's announcement that Lloyds has identified the Co-op as preferred bidder for the divestment of more than 600 branches, which will create a strong challenger in the high street.

We will also make it easier for people to switch their current accounts. This recommendation from the Commission has received less attention from the media, but could be of huge benefit to millions of customers. The idea is that individuals and small businesses can switch to another bank within seven days, and all the direct debits and credits will be switched for them at no cost. The Government have secured the banking industry's agreement that it will implement these proposals by September 2013.

We will support the Treasury Committee's proposal to bring the Payments Council within the scope of regulation, and I can confirm that our financial services legislation next year will specify that one of the objectives of the Financial Conduct Authority is to promote effective competition in the interests of consumers. A new statutory competition remit will provide the FCA with a clear mandate for swifter, more effective action to address competition problems in financial services. Within months of the ICB report, legislation will be introduced to bring the change into force.

That brings me to timing. Some have questioned whether the Government will seek to delay implementation of these reforms—such questions come from people who never even contemplated reform when they were in office. In fact, the reverse is true. On the advice of Sir John Vickers and others, I will introduce separate legislation to implement the ring fence. The Government intend implementation to proceed in stages, with the final changes relating to loss absorbency fully completed by the beginning of 2019 in line with the Basel agreement, but I can confirm that primary and secondary legislation relating to the ring fence will be completed by the end of this Parliament in May 2015, and that banks will be expected to comply as soon as practically possible thereafter. The Government will work with the banks to develop a reasonable transition timetable.

Of course, there are both costs and benefits to these reforms. The Government estimate the total costs to UK banks to be between £3.5 billion and £8 billion, broadly in line with the commission's estimate. Much of this reflects the cost to them of removing the subsidy that comes from any perceived implicit taxpayer guarantee, which is precisely what we intend. The cost to GDP is estimated by the Government at just £0.8 billion to £1.8 billion, slightly lower than the commission's estimate. These are far outweighed by the benefits of the ICB's recommendations. Even a relatively modest reduction in the likelihood or impact of future financial crises would yield an incremental economic benefit of £9.5 billion per year, such is the cost of financial crises to the economy. Since the wholesale arms of non-UK banks would be unaffected by these reforms and the principal recommendations relate to UK retail banking, the competitiveness of the City of London as a location for international banking will not be affected.

We are fixing the banking system to protect taxpayers in the future, but we also need to clear up the mistakes of the past. I have already mentioned Northern Rock and Lloyds, but the biggest call on the taxpayer was the bail-out of RBS. The Financial Services Authority's recent report was a damning indictment of all that went wrong in this crisis, and those responsible are clearly identified in it. We need to deal with the mess they created. Despite promises from the previous Government that taxpayers would profit from the RBS bail-out, the Government's shareholding is now worth around £27 billion less.

We are already reforming the regulatory structures that allowed these catastrophic failures to occur. Bonuses are a fraction of what they were four years ago. Early this year we placed a limit of £2,000 on cash bonuses for RBS and Lloyds. We have made it very clear that the bonus pool next year must be lower again, and more transparent. We are also clear that, at a time like this, the Financial Policy Committee's advice should be followed: bank earnings should be used to build capital levels, not pay out large bonuses.

RBS itself has also made significant changes since 2008, including reducing the size of its investment bank by half, but I believe RBS needs to go further, and the management agree. We are the largest shareholders. Let me set out our view. RBS has already announced that it will further shift its business strategy towards its personal and SME customers and its corporate banking business which serves UK and international companies. We believe RBS's future is as a major UK bank, with the majority of its business in the UK and in personal, SME and corporate banking. Investment banking will continue to support RBS's corporate lending business, but it will make further significant reductions in the investment bank, scaling back riskier activities that are heavy users of capital or funding. RBS should emerge a stronger,

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safer bank able to maintain lending to businesses and customers, and which in time can be returned to full private sector ownership.

The British people are angry about what happened in our banks, and angry at the politicians who let it happen. This coalition Government see two parties working together to clear up the mess of the past and to create a banking system that protects taxpayers and serves customers better. Today we present the most far-reaching changes to banking in our modern history so that we can build an economy that works for everyone. I commend this statement to the House.

Ed Balls (Morley and Outwood) (Lab/Co-op): Let me start by thanking the Chancellor of the Exchequer for advance notice of his intention to give a statement but, as with the autumn statement, it is deeply disappointing that the statement, and the 75-page document, arrived with us only eight minutes before the Chancellor entered the House of Commons. One has to ask: do the Chancellor and the Business Secretary have something to hide?

I have a number of questions for the Chancellor. We have not had time to read the report so I hope he will make an effort to answer our questions today, but let me thank him for agreeing, at least in part, to our recommendation back in September that he produce an implementation plan for the Vickers commission by the end of the year. It is vital that the Government now implement these important banking reforms without foot-dragging or back-sliding or watering them down.

So will the Chancellor now agree to our second request, also made in September, and ask the Vickers commission to come back in 12 months' time and publish an independent report on the progress that has been made in implementing its report?

Labour Members are determined to play their part in implementing these proposals in, as far as is possible, a cross-party spirit—taxpayers, customers and businesses, angry at banking recklessness which forced a multi-billion pound bail-out, will expect nothing less. We have apologised for the part that the last Government played in this global regulatory failure. In that same cross-party spirit, perhaps the Chancellor would like to take this opportunity to apologise too: for the role his party played in opposition, and he played as shadow Chancellor, in complaining of "too much regulation", and for the then Leader of the Opposition calling, as late as spring 2008, for "lower taxes" and "less regulation" for the City. We all made mistakes and perhaps this Chancellor, who opposed financial regulation legislation, who opposed the nationalisation of Northern Rock, RBS and Lloyds, and who opposed Bank of England independence, should show a little more humility as well. If he does, I will, in a cross-party spirit, commend him for that.

I join the Chancellor in commending the excellent work of the pre-legislative scrutiny Committee on the draft Bill and of the Treasury Committee. We will study those reports in detail, and we will approach the Bill and the Chancellor's reforms to the machinery of financial regulation with an open mind. However, like those Committees, we are concerned that his reforms could make decision making both more complicated and less transparent in future. There is a serious and still unanswered question as to whether there is sufficient accountability to match the massive new powers that the Chancellor plans to delegate to the Bank of England. His so-called "simplification" actually increases the number of deputy governors of the Bank of England from two to three.

Our fear is that he is replacing the tripartite system with a de facto quartet system—the Treasury, the MPC, the FPC and the PRA—with the FCA on the outside. Given that complexity—I can explain the acronyms; they are all different autonomous agencies in the Bank of England—can the Chancellor tell the House why he has still not published the promised memorandum of understanding between the Treasury and the different Bank agencies? I hope it is obvious to the Chancellor that the memorandum of understanding must specify that in any crisis the Chancellor must always hear the direct advice of all three deputy governors—alongside that of the Governor—most importantly that of the deputy governor who is also the chief executive of the independent regulator responsible for ensuring the stability of the banking system. In my view, that is essential if this new, more complex quartet system of financial regulation is to work in an effective and transparent way.

In responding to the Vickers commission, Labour set out three tests that will guide our view of banking reform—let me deal with them in turn. First, to protect taxpayers, we, too, support the commission's radical reforms on ring-fencing and regulatory standards. Rather than delay, could the Chancellor explain why he is not at least making a start with reforms in the current financial regulation Bill, which will come before the House next year? Can he clarify to the House whether it is his intention to implement, in full, the Vickers recommendation on depositor preference? On the requirement on the biggest UK global banks to have the ability to absorb losses equivalent to between 17% and 20% of risk-weighted assets, can he explain why he is deciding to water down the Vickers proposal by not applying this rule to their full global balance sheets? Is he sure that this will not leave the taxpayer exposed?

The Business Secretary told the BBC yesterday that the Vickers report was being implemented in full, but what we have here is not an implementation report; it is a consultation paper before a White Paper in the spring. Already we learn that the Chancellor is not implementing the Vickers recommendations in full. Will he tell the House whether he really intends full implementation, or have the Liberal Democrats been sold a pup yet again?

On the second test of securing international agreement, given the Prime Minister's decision 10 days ago to walk away from the negotiating table without securing any protections at all for financial services in those discussions, will the Chancellor tell the House whether he is confident that he can do a better job? In particular, is he confident that he will be able to get the necessary EU-wide agreement, which means a qualified majority vote, to implement the Vickers capital requirement proposals?

On the third test of delivering a banking system that supports the wider long-term interests of the economy, may I ask the Chancellor about competition and the supply of credit? On competition, we argued back in September that any delay or backsliding on competition would leave consumers and small businesses to pick up an unfair share of what he has confirmed is a

multi-billion pound bill for tougher capital and regulatory standards. Developments since September have not been encouraging.

On Northern Rock, will the Chancellor reassure the House that his rather hurried trade sale will deliver over the coming years—in two, three, four and five years—a new challenger bank that will compete in the small business and mortgage markets? Will he assure the House that that will be the outcome? Will he confirm that it is as a result of widespread concern that the taxpayer will not get value from his loss-making sale that the National Audit Office has launched an investigation into that decision?

On the sale of Lloyds branches to support a new challenger bank, will the Chancellor explain to the House—perhaps he could explain it to the Business Secretary, too—why he has decided not to implement in full Vickers's proposals to increase the size of branch sales from Lloyds on divestiture? Why has he not taken the advice of the Vickers commission on competition? Is it not overwhelmingly clear, as we argued back in September, that rather than waiting until 2015 the Chancellor should now commit to a review in 2013—two years' time—of the impact on competition of these proposals?

The fact is that none of these long-term reforms can address the two immediate threats to the supply of credit and the stability of our already fragile economy and banking system. First, here in Britain, with rising unemployment and a flatlining economy depressing confidence, thousands of small businesses are now struggling—as Members on both sides of the House know and as I heard for myself in Leigh on Saturday—to access the credit they need to survive and grow, with net bank lending to businesses not rising but falling. Alongside the long-term reforms, will the Chancellor tell the House why, rather than cutting taxes for the banks, he is not acting now to ensure that UK banks start to act now to increase their lending to small businesses?

Secondly, finally and most gravely of all, the failure of all our political leaders across Europe to solve the euro crisis and in particular to get the European Central Bank to start doing its job as lender of last resort is now the biggest threat to banks in Britain, businesses in Britain and jobs in Britain. Ten days ago, the Prime Minister walked away. Will the Chancellor reassure the House that he has not walked away, too? Are he and the British Treasury seriously engaged in trying to solve what is now the gravest threat to prosperity in our country in this generation? Is anyone in the rest of Europe listening to the Chancellor any more?

Mr Osborne: First, I apologise if the right hon. Gentleman did not get the statement far enough in advance for him to read it. I am merely following the procedures that he laid down when he was at the Treasury.

Let me deal specifically with the points he raises in detail. First, on the financial services Bill which we will introduce in Parliament early in the next year, I did not talk about it in the statement because we will have the Second Reading debate, I hope, shortly after we come back in January, but it is an important part of what we are doing. I mentioned it in passing. It is about changing the regulatory system to put the Bank of England in overall charge of monitoring levels of debt and systemic risk in our economy—a responsibility that I believe should never have been taken away from the Bank of England back in 1997—and at the same time giving it the powers that it needs to act as a prudential regulator, without which it would not be able to identify those systemic risks.

The reason why I have not produced the memorandum of understanding is that I was waiting for the Joint Committee—the pre-legislative Committee—that has been looking into the Bill. I thought it would be completely inappropriate to produce the MOU before it had reported so, as I explained to the Committee, I was going to wait until I had its report. The report is only being published today and I hope fairly shortly to be able to produce that MOU, having taken into account what both it and the Treasury Committee say.

The right hon. Gentleman says this is all rather complicated. There is a simple principle, which is that the Bank of England is in charge of monitoring risks in our financial system—

Ed Balls: This plan is dangerous.

Mr Osborne: Well, we have tried the right hon. Gentleman's approach and look what happened: the entire banking system collapsed. So with the greatest respect, his advice on what is a dangerous approach to regulation we will take with a pinch of salt.

I turn to the right hon. Gentleman's other points. On international agreement, obviously it is extremely important that we are able to do this under European law. There has been an argument about this. We have a great deal of support. Countries such as Spain and Sweden have written to the Commission to urge it to allow countries to have their own national regimes that sit on top of the minimum capital requirements, and we are encouraged by the very recent Commission quote which says that "Vickers can be implemented fully in the UK in a way that is compatible with EU law", but we will continue to make our argument. It is encouraging that both the European Commission and the European Parliament have expressed their keen interest in the Vickers report and are doing their own work on that. It is good to see us leading the international debate on that.

The right hon. Gentleman mentions competition. On Northern Rock, we welcome the National Audit Office investigation. It would be very surprising if the NAO did not do a report into such a financial transaction. It has done reports into all the previous financial transactions by this Government and the previous Government. I think what it will demonstrate is that this was a loss-making bank and the independent advice that we received was that it would go on losing money. The people who should be to blame for losing taxpayers' money are sitting directly opposite me.

On Lloyds and the Lloyds branches, we have spoken throughout this process to John Vickers. Obviously, he can speak for himself and give his view, but we have kept him closely informed of what we are proposing. I think it is consistent with the intention in the report to create a strong challenger out of the divestment of the Lloyds branches.

Let me turn to the timetable that the right hon. Gentleman mentions. As I say, we will be implementing some of the competition requirements in the Vickers report—for example, the new competition remit for the

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FCA. That will be part of the financial services Bill that we introduce in January. We considered carefully whether to try and put all the Vickers requirements—the creation of the ring-fenced banks—into the financial services Bill that we are introducing early next year.

We did not think that was sensible. That was also the view of John Vickers, who recommended a separate piece of legislation. That is precisely what we are going to do, but our commitment is clear. We will have all the primary and secondary legislation, which is where quite a lot of the detail will be, through by the end of this Parliament. That is exactly what we want to see.

Finally, the right hon. Gentleman has been going around complaining that we are not doing enough, we are in danger of watering down Vickers, and the like. This is from the people who have opposed structural reform to our banking system. When I was sitting on the Opposition Front Bench as the shadow Chancellor under both the previous Chancellor of the Exchequer, who is in his place, and also under the Chancellor of the Exchequer before, who then became the Prime Minister, they opposed structural reform. They did not want to separate the banks. No doubt they can answer for themselves, but for the former City Minister who was in post when RBS made its bid for ABN AMRO, for the City Minister who was in post when Northern Rock was offering those 125% mortgages, for the City Minister who was in post when HBOS was making all those commercial property loans, for the former City Minister to complain that we are not doing enough is ridiculous. This is the man who advised that Fred Goodwin should get a knighthood and who told his boss to go and open the Lehman Brothers headquarters. That is his record, and his mealy-mouthed apology reminds me of that film "Whoops Apocalypse"—I am sorry, I just brought down the entire British economy; can we all please move on now. That is what he has done. Frankly, he has not made a substantive or interesting contribution to this debate on bank reform. Perhaps in the next few months he will.

Mr Peter Lilley (Hitchin and Harpenden) (Con): I am grateful to my right hon. Friend for his welcome for the Joint Committee report on the financial services Bill. Will he confirm that the legislation implementing recommendations on ring-fencing will be subject to pre-legislative scrutiny, but after that the banks will be required to implement ring-fencing without delay, whereas there is a strong case for allowing time for the requirements for higher capital adequacy to be built up to prevent intensifying the shortage of capital in the short term?

Mr Osborne: I will consider the case for pre-legislative scrutiny, and the House will consider it, closer to the time. Obviously there is a trade-off between getting the legislation through and having the pre-legislative scrutiny, but my right hon. Friend's Committee has done a very good job. Not everyone here will have had a chance to read its report, but I have read its executive summary and I will read the full report tonight. It is an impressive piece of work and an advert for pre-legislative scrutiny. I repeat our commitment that we want all this legislation, primary and secondary, by the end of the Parliament.

Mr Alistair Darling (Edinburgh South West) (Lab): I welcome the Vickers report and I am glad to hear that it is being implemented, but will the Chancellor be careful about overselling this? This would not have stopped the failure of Northern Rock or HBOS, and the idea that a future Government might decline to step in and rescue an investment bank if it failed is simply not credible. Look what happened to Lehmans when the Americans tried that. So these problems have not gone away. Will he accept that if his reforms of the Bank of England are to work, he has to look at the governance of the Bank, as the Treasury Committee recommended recently? The Bank made some bad mistakes in the past and we have to face up to that, just as we have faced up to the mistakes of the Financial Services Authority. Will he urgently accept the need for European Governments to shore up their banks, because there is very real risk, if we have a sovereign default in the next few weeks, that their banks will be affected because they are not adequately capitalised? If he is still on speaking terms with his opposite numbers, that is something that he should attend to very quickly.

Mr Osborne: I can assure the former Chancellor that we are still on speaking terms. Indeed, I had an hour and a half conference call just before I came into the Chamber, so I can promise him that a lot of speaking is still going on. The question he rightly asks is: where is the action? The eurozone has taken a number of important steps, but we still need to see a more credible firewall, which will enable it to stand behind its banks even more effectively.

On the right hon. Gentleman's specific point about the Bank of England and whether this could have prevented what happened when he was Chancellor, of course institutions can get things wrong, and the Bank of England got things wrong in the run-up to the crisis, but it is sensible to try to have one body that is looking at both the prudential risks in individual firms and the overall systemic risks in the economy. The tripartite system clearly failed to do that. I do not think that before he became Chancellor it met in person at a principal level, or perhaps only once. The system did not work and many Committees of this House have pointed that out. For the Bank of England to have clear responsibility for monitoring risks is sensible. As to whether all this could have prevented what happened, I draw attention to two points. First, there are higher capital requirements in Vickers that would have better protected banks such as HBOS, and, secondly—the biggest challenge of all that he had to face—it is precisely the collapse of a large universal bank such as the Royal Bank of Scotland that Vickers is seeking to address. No one pretends that it is easy, but we believe, Vickers believes and many others believe, that the idea of ring-fencing the retail operations focused on the UK will give the Chancellor of the day greater opportunity to protect what really matters to the UK economy without having to resort to bailing out the entire institution.

Mr Andrew Tyrie (Chichester) (Con): The House and the Chancellor will have heard the remarks made across the House about the need to strengthen the accountability of the Bank of England, which the Treasury Committee has already reported on, so I will not dwell on that. On the European angle, does he agree that the UK should be permitted to implement Vickers without awaiting the

outcome of Commissioner Barnier's latest announcement that he will review the merits of breaking up banks altogether, an idea explicitly rejected by Vickers, while at the same time not worrying about another of Mr Barnier's curious and contradictory proposals, which is that a cap, as has just been mentioned, should be placed on the amount of capital UK regulators could demand of banks, which, if implemented, could prevent us from putting Vickers in place at all?

Mr Osborne: As I have said, I will return to the House early in the new year to address the issues that my hon. Friend's Committee, other Members of the House and the pre-legislative Committee have raised about the accountability of the Bank of England and the accountability and responsibility of the Chancellor in a financial crisis. On his points about Europe, I understand that Commissioner Barnier, or the part of the European Commission that sits under him, is interested in the Vickers report and is looking at it, as is the European Parliament, which we welcome. On maximum harmonisation—in other words, not allowing individual countries with large banking systems to have their own regimes sitting on top of the EU minimum—that is something that other member states are concerned about. It was actually the Swedish Finance Minister who signed the letter that first raised concerns about that and got other Finance Ministers, myself included, to sign it, and the International Monetary Fund has also been very public in raising its concerns. We have not yet reached the point where the directive is about to be passed, but there is certainly a lively debate going on about it.

Several hon. Members *rose—*

Mr Speaker: Order. If I am to accommodate the level of interest in the statement, I will from now on require brevity, the textbook for which can be written by Sir Stuart Bell.

Sir Stuart Bell (Middlesbrough) (Lab): Building on my right hon. Friend the shadow Chancellor's statement on bank lending to the small and medium-sized enterprise sector, has the Chancellor made any study at all of the impact of what he calls bigger cushions—raising capital requirements from 7% to 9%—on bank lending to that sector? Can he offer the House a guarantee that he will consider that as part of his consultation leading to his White Paper in the spring?

Mr Osborne: It is precisely to avoid a procyclical impact that the backstop for capital requirements is 2019, so there is quite a long timetable, which is consistent with the Basel agreement, but the hon. Gentleman is of course right to point out—indeed, the shadow Chancellor made this point—that the current situation in the eurozone is causing a stress on bank funding around the world. It was good to hear the shadow Chancellor acknowledge at the end of his remarks that the biggest single threat to British businesses, as I think he put it, is the current eurozone crisis, which is an analysis we share.

Several hon. Members *rose—*

Mr Speaker: Order. Still on the subject of brevity, I now turn to the person I would describe as the emeritus professor of that subject, Mr John Redwood.

Mr John Redwood (Wokingham) (Con): Will the Chancellor take urgent action with RBS to create three new competitor banks from its assets and liabilities so that we can have real competition and more promotion of growth?

Mr Osborne: I have set out our view as the largest shareholder of RBS. We have to be careful of the shadow director rules and the like, but I was very clear in my statement that we expect and hope to see RBS shrink the size of its investment bank and focus on the UK and its UK customers. That is our proposal as an RBS shareholder. Of course, the question of how to dispose of our shares in RBS, which might arise in future, is one that we will address at the time.

Malcolm Wicks (Croydon North) (Lab): Given the interesting speech recently made by the Prime Minister on the importance of Christian values, is there not a danger that the Chancellor and the Treasury as a whole are spending too long talking to the money changers and not enough time talking to more important elements of the British economy, such as manufacturers and small businesses? Does he feel that when Jesus overthrew the money tables he should have waited six years before acting?

Mr Osborne: I would not say that what we are undertaking is of biblical proportions, but we are acting now to deal with those problems. We are changing the system of regulation, which will be in place once the draft financial services Bill is passed next year; we are changing the competition remit, which will be in place by 2013; and we are committed to introducing all that legislation, including the secondary legislation, in this Parliament. We are undertaking those reforms, but in the years in the desert, which were the years under the Labour Government, none of those things was proposed at all.

Stephen Williams (Bristol West) (LD): I congratulate my right hon. Friends the Chancellor and the Business Secretary on working together to provide a secure future for our banking sector and to put behind us the failures of the past. Uppermost in the public's mind from the past will have been the £45 billion bail-out of the Royal Bank of Scotland, and, given that it is now under state ownership, could not the Chancellor consider its break-up to establish a challenger bank on the high street for lending specifically to small and medium-sized businesses in order to provide the finance for future growth and economic recovery?

Mr Osborne: I have already set out the Government's view on the Royal Bank of Scotland, and the issue of what to do when we come to dispose of the shares will be one that we can all address at the time.

The document and the process have been a very good advertisement for the coalition Government. The Business Secretary and I have worked incredibly closely on the document, which is a joint one from us both, and people will not have read in the newspapers lots of stories about the "splits between us on the issue"—

Ed Balls: That was last week.

Mr Osborne: Getting a lecture on "splitism" from the shadow Chancellor, who has been the biggest source of division in the House over the 10 years that I have been

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in Parliament, adds to his lessons on how to regulate banks properly as something to treasure, but this document is a very good advertisement for the coalition Government and the work that we have done with the Business Secretary.

Stewart Hosie (Dundee East) (SNP): I thank the Chancellor for the statement, and for much of what was in it on Lloyds divestment, competition, account switching, retail ring-fencing and the final 2019 implementation date. I hope that that implementation will do nothing to weaken small and medium-sized enterprise lending, but what in particular did he mean by "RBS will make further significant reductions in the investment bank"? Can he put a cash figure on that? How much deleveraging does he see taking place? What does he envisage being sold off? Will it be in the UK or overseas? We need certainty about RBS's future, so can we have some detail today, and will he confirm that he does not intend to undermine the independence of the board, notwithstanding the fact that the Government are the major shareholder?

Mr Osborne: The hon. Gentleman asks me not to undermine the independence of the board and, then, to provide all sorts of detail on exactly what the board should now do, so let me say this. I know that the Royal Bank of Scotland is a very important employer in Scotland and a very important part of the Scottish economy. We want to see it focused on its UK businesses, on UK corporate and individual customers, and its investment bank should support that service. The Royal Bank of Scotland management have also come to that conclusion, and in the coming months they will set out further details on how they are going to do that work, but it is a significant change of direction for the bank.

Adam Afriyie (Windsor) (Con): Given the shadow Chancellor's involvement in the biggest banking crisis in the history of our country, and given his overt criticism of the current Chancellor, will my right hon. Friend tell me whether he has received from him any constructive submissions at all during this period?

Mr Osborne: I do not think that I have received a single submission on banking reform from the shadow Chancellor since he took up his job.

Frank Dobson (Holborn and St Pancras) (Lab): Will the Chancellor of the Exchequer confirm that nothing he has announced today will for the next five years reduce in any way the risk to the British taxpayer in the event of a British bank losing out on sovereign debt in the European Union in a way that damages its retail operations?

Mr Osborne: There are things that we have done and are doing now to make our banking system safer. Banks are required to hold more capital—more cushion—to protect them against losses, whether from sovereign debt or anything else. We regularly take part in pan-European stress tests, and actually the British banks pass those tests when other European banks do not. I think that that is because the British banking system is well capitalised and liquid.

We are also introducing a new system of regulation, which, as I say, will be operational in 2013; once the legislation has passed through the House of Commons, the Bank of England will be in charge. Furthermore, we are introducing the Vickers requirements over the next three and half years, until the general election at the end of this Parliament—we are getting all that legislation through as well. We are doing a huge amount to make the British banking system safer now, but also safer in future.

Mr William Cash (Stone) (Con): To protect the City of London, will the Chancellor follow the example of the Prime Minister when he used the veto the other day? When necessary, will the Chancellor here in Westminster override European legislation to protect the taxpayer, the City of London and the United Kingdom?

Mr Osborne: We need legislation that works effectively for British banks across Europe; British banks have subsidiaries in other European countries. Actually, a single market in financial services would be a very good thing—and it is a good thing for this country, although we need to see it deepen. We also need to make sure that countries with very large banking systems, such as our own, are able to take national decisions that protect our banking systems. I am confident that we can secure agreement to that.

Mr Dennis Skinner (Bolsover) (Lab): Is there not a possibility that if the banks are split up, there will be more top bankers than there are now? What we need in Britain is small business growth and large business growth. The chances are that the most reviled group of people in the land—the top bankers—are going to multiply.

Mr Osborne: I do not think that it automatically follows that if we ring-fence the banks, we double the number of bankers. It is our intention, yes, to have a successful financial services industry, which is very important in Derbyshire, Cheshire, where my constituency is, the west midlands and Scotland, as well as in the City of London.

However, we do not want our entire economy to be in hock to the City of London; that is what we are seeking to avoid. We do not want to put all our bets on the City of London. That is what happened over the last 13 years, and it went disastrously wrong. The Government are determined to build up other sectors of the economy, including manufacturing and small businesses. The very fact that later today we are debating the Government's apprenticeship programme shows our commitment as a Government to building up those other industries.

Mr Edward Leigh (Gainsborough) (Con): After these reforms, will our banks be more or less regulated than their international competitors?

Mr Osborne: In certain respects, they will be more regulated compared with some other regimes. Obviously, the ring-fencing requirement that we are introducing is not present in every other financial centre. However, it is an appropriate course of action for the UK, given the size of our banking system relative to our GDP—it is 500% of our GDP; the United States banking system is only 100% of its GDP. As I said, there is now quite a lot of international interest in what we are doing, so we may find that other financial centres follow our lead.

Ann McKechin (Glasgow North) (Lab): The Chancellor rightly attacked casino banking. Does he not agree that now is the time to restrict UK state-owned banks in respect of their operations in tax havens, which have been a source of much of that casino banking?

Mr Osborne: We have required all the major banks in Britain to sign up to the tax code that the previous Government introduced, although they got only two or three banks to sign up to it. We not only have the code, but we are making the banks sign up to it.

Michael Fallon (Sevenoaks) (Con): Does the Chancellor agree with me that if the three politicians identified as culpable in the Royal Bank of Scotland report had been serving in local government, they would probably have been surcharged? Does he think it likely that, in the fullness of time, other European countries will follow us along the road of a retail-wholesale split?

Mr Osborne: Two of those three politicians are now busy earning quite a lot of money in the financial sector to deal with the fact that they might face a surcharge. Perhaps, with the efforts of my colleagues, we can make sure that the third politician soon follows them.

Ed Balls: You wish.

Mr Osborne: Actually, we are quite happy for the right hon. Gentleman to stay where he is, so I retract my previous comment.

In response to my hon. Friend the Member for Sevenoaks (Michael Fallon), we are confident that we will be able to do this within the regime of European Union law.

Mr William Bain (Glasgow North East) (Lab): Has the Chancellor assessed the impact on levels of net lending to business of corporate deposits, estimated at £270 billion for RBS, Barclays and Lloyds, potentially lying outside the scope of the retail ring fence? Who will decide which corporate deposits sit outside the ring fence—the new Prudential Regulation Authority or the banks themselves?

Mr Osborne: A key part of the Vickers report was that the location of the ring fence would be flexible. Certain things would have to be in the ring fence, such as small and medium-sized business overdrafts and deposits and the overdrafts and deposits of individuals, and certain things definitely could not be in the ring fence, such as investment banking activity. However, corporate deposits could either be in the ring fence or not in the ring fence; that would be a decision for individual institutions, although of course they sit under the regulatory regime. That is what John Vickers recommended, having looked at this very carefully, and that is the plan that we are now implementing.

Lorely Burt (Solihull) (LD): I welcome the coalition Government's commitment to implementing the recommendations of the Vickers report. What difference, practically, will it make to people in Solihull and elsewhere in the country, and by when will they start to feel that difference?

Mr Osborne: The intention is to make sure that the taxpayers of Solihull are better protected against the failure of banks in future in a way that they were not in recent years when banks such as RBS failed. That is the overall intention of the report, but it has a very important component that does not get nearly the same media attention as the ring-fencing element that we have all been talking about—namely, the promotion of competition. The report has a specific recommendation whereby, from 2013, customers in Solihull will be able to switch their bank account within seven days, at no cost, and all their direct debits and credits will follow them to their new bank account. That is a very practical benefit to the people of Solihull and, indeed, the entire country.

Mr Denis MacShane (Rotherham) (Lab): Given that the Government are not spending and banks are not lending, is the Chancellor at all worried that he and Sir John Vickers are generals fighting the last war? Surely, rather than keeping a lot of money in vaults, we want it out there fructifying in the economy creating jobs and new businesses.

Mr Osborne: At times it feels like the current war as well. I do not think that the effects of the financial crisis have disappeared from our economy. Through these proposals, we are taking steps better to protect British taxpayers in the future. There is a decent implementation period for some of the recommendations, such as the loss absorbency recommendations, precisely to take account of what is going on in funding markets. It would be pretty extraordinary if this country, after all that it went through in recent years, with the biggest bank bail-out in the entire world happening here, did not learn the lessons of what went wrong and try to protect people in future.

Andrea Leadsom (South Northamptonshire) (Con): The Vickers proposals definitely make banks more robust and more resolvable, but does my right hon. Friend think that they will definitely be more competitive? Specifically, the stickiness of personal current accounts and SME accounts is a real problem. Will he consider the proposal for full account portability rather than this halfway house which just makes it faster to transfer one's bank account?

Mr Osborne: There is a specific reference to full account portability in the report, as my hon. Friend will see when she reads it, and that is there partly because of the point that she made to me about it in the Treasury Committee. We will consider full account portability if the switching service that we introduce is not effective and does not deliver the expected consumer benefits.

Mr Andrew Love (Edmonton) (Lab/Co-op): The House is not clear from an answer that the Chancellor gave to my right hon. Friend the Member for Morley and Outwood (Ed Balls) whether he supports the Vickers recommendation that in order to create an effective challenger bank, Lloyds needed to divest itself of a greater number of branches. Does he agree with that recommendation, and if so, when is he going to implement it?

Mr Osborne: We are confident that the sale proposed by Lloyds of 600 branches to the Co-op will create a sufficiently strong challenger bank because it is to an existing institution rather than a new institution. Obviously, that sale is subject to commercial negotiations and the

[Mr George Osborne]

deal is not yet done, but we think that it meets the conditions set out in the Vickers report. We have kept in close personal contact with John Vickers throughout this process.

Mark Field (Cities of London and Westminster) (Con): The Chancellor has acknowledged that the Vickers recommendation would gold-plate the already onerous capital requirements on EU banks, as set out in the Basel III protocol. Does he recognise that if the figures were implemented in full, there would be the twin risk of diminishing the attractiveness of London as a global financial centre and further disincentivising corporate lending by UK banks, which is an essential part of the economic recovery and growth that we all support?

Mr Osborne: I do not think that it will discourage corporate lending, nor do I think that it will make the UK any less attractive as a location for the headquarters of global banks. We addressed that issue explicitly in our response. Because the principal proposals and additional national requirements are directed at UK retail banking, I do not think that it will change people's view of the UK as an attractive place to locate their financial services, whether it be in the City of London or elsewhere.

Mr Michael McCann (East Kilbride, Strathaven and Lesmahagow) (Lab): I welcome the Chancellor's conversion on bank regulation. I remind him that there are more bankers and former bankers behind him than there are behind me. *[Interruption.]* I mean on all the Benches behind me. Why can he not bring forward the 2019 timetable? That is what my constituents want to know.

Mr Osborne: The 2019 timetable was recommended by John Vickers in the report. People should be clear that that is the backstop. That is the final day when everything has to be implemented. In particular, if the additional capital requirements were implemented today, it might have an impact on the economy that we would not want to see. The ring-fencing legislation will be in place by the end of the Parliament and banks will be expected to comply with it as soon as is practically possible. The competition requirements will be in place by 2013. When it comes to jibes about who is working in the financial services, I seem to remember that a number of former Labour Prime Ministers are now quite lucratively paid in the financial services.

Steve Baker (Wycombe) (Con): Chapter 3 of the Government's report, on loss absorbency, seems, perhaps reasonably, to take for granted the adequacy of accounting standards. I press the Chancellor in his forthcoming White Paper to consider seriously the pernicious effects of the international financial reporting standards, which were applied to banks by the previous Government.

Mr Osborne: There is a debate to be had about international accounting rules and their impact on the financial crisis, which I am happy to have with my hon. Friend in person. There are moves afoot to make the international bodies that set the standards more accountable by using the Financial Stability Board. He raises a good issue.

Kevin Brennan (Cardiff West) (Lab): What assessment has the Chancellor made of the proposal in the ICB report to apply a blanket leverage ratio across all financial institutions, and in particular of the possible unintended consequences that that could have for building societies?

Mr Osborne: That is an issue that some building societies have raised with us. That is why we say in the report that we are attracted to a leverage ratio—indeed, it is now part of the international regulatory architecture—but that we will consult on exactly how to implement it so that it does not have a perverse impact on building societies, which have served customers well throughout this period.

Richard Harrington (Watford) (Con): On behalf of my knees, Mr Speaker, I thank you. *[Laughter.]* I commend the Chancellor on his statement. Will he confirm that had these proposals been implemented before 2007, the RBS-ABN AMRO deal could not have taken place?

Mr Osborne: The RBS-ABN AMRO deal stands out as the moment of greatest folly in banking regulation, not just because—*[Interruption.]* The shadow Chancellor was the City Minister. He has incredible amnesia about his role, but thankfully we are here to remind him. It is extraordinary that the ABN AMRO deal was given the go-ahead after Northern Rock had failed. People do not appreciate the fact that it happened after that. We were highly critical of the Government's regulatory system then, and we remain highly critical of the regulatory system that we inherited.

Keith Vaz (Leicester East) (Lab): On 16 June 2010 the Chancellor told me that he would read the confidential parts of the Bingham report on the closure of the Bank of Credit and Commerce International and seek urgent advice from the Treasury about whether he should publish them. I do not know what the definition of "urgent" is in the Treasury, but 18 months seems like a very long time. I know that he has been busy, but has he read the report and will he now publish it?

Mr Osborne: The good news is that I have read the report. The bad news, from the right hon. Gentleman's point of view, is that I do not propose to publish the appendices. Of course, my predecessors also took that decision. I have looked into the matter, and the view remains that publishing the appendices would not add substantially to people's understanding of what went wrong, and that they would probably require extensive redacting, which would not only be expensive but still leave people with suspicions, even if those suspicions were unfounded. I have taken the same view that I believe the last three or four of my predecessors took.

Several hon. Members *rose—*

Mr Speaker: Order. I think the hon. Member for Watford (Richard Harrington) has set a trend of leaning forward expectantly, and the hon. Member for Erewash (Jessica Lee) is now following in his wake.

Jessica Lee (Erewash) (Con): Does my right hon. Friend agree that one key conclusion of the report is about customers' ability to move their accounts more

cheaply and easily? That will be well received by people in Erewash and elsewhere. Banks are there to provide a service, and that is the type of measure that will significantly increase competition and aid this country's recovery.

Mr Osborne: My hon. Friend is right, and she speaks up well for her constituents, who want greater choice on the high street. They want to be able to switch their bank accounts easily, and there are significant proposals in the report to help them do that within seven days and without having to chase up all the direct debits and the like, which will be done for them at no charge. That will be a practical benefit of the Vickers report and the Government's implementation of it.

Steve McCabe (Birmingham, Selly Oak) (Lab): Will the Chancellor give the House a categorical assurance that he has now fully recovered from his dangerous flirtation with deregulation, and that he will be able to avoid any further advances from the right hon. Member for Wokingham (Mr Redwood)?

Mr Osborne: If the hon. Gentleman examines what the Government and I have done over the past 18 months, he will see that we want proper regulation that works, enabling consumers to make choices and market forces to operate where appropriate while protecting the British taxpayer, with the Government stepping in where necessary. The report that we commissioned from John Vickers sets out a very important point about the regulation of bank structure that the previous Government did not examine. It represents a significant advance by this Government.

Duncan Hames (Chippenham) (LD): The public are impatient for reform and proper regulation of our banks, so I applaud the Chancellor's dexterity in separating the timing of the loss absorbency requirements from that of the requirements for increased competition and the introduction of a ring fence on high street banking. Having decided to introduce that ring fence, what is preventing him from doing so before 2015?

Mr Osborne: We have made a clear commitment—Sir John Vickers set the back-stop at 2019, but we have said that we want the legislation to go through by 2015. My hon. Friend has to appreciate, and I am sure he does, that it is about passing not just the primary legislation but the secondary legislation through Parliament. That is a very complex matter, because we do not want the banks to find a way around secondary legislation and we do not want to come up with rules that turn out to be full of holes. It is detailed, technical work, but we are absolutely determined to do it and have given ourselves a clear timetable for delivering it.

Gregg McClymont (Cumbernauld, Kilsyth and Kirkintilloch East) (Lab): How much money has the City of London donated to the Conservative party since the general election?

Mr Osborne *rose—*

Mr Speaker: Order. In framing his response, the Chancellor of the Exchequer should be aware that if it is related in any way to banks, he is welcome to answer, but he is not obliged to do so. The question must relate to the specifics of the statement. It is up to the Chancellor.

Mr Osborne *indicated dissent.*

Mr Julian Brazier (Canterbury) (Con): I welcome my right hon. Friend's excellent statement, and I also understand why progress on ring-fencing has to be slow. Will he confirm that the guarantee for eligible retail deposits does not necessarily extend to the banks themselves?

Mr Osborne: The financial compensation scheme is very clear. We cover 100% of eligible deposits, up to £85,000 in a subsidiary. It is important that people are aware of that, and I think the public are more aware of it than they were three or four years ago. We want the explicit taxpayer guarantee of people's deposits; what we do not want is the implicit taxpayer guarantee of the banks that took those deposits.

Jim Shannon (Strangford) (DUP): I welcome the Chancellor's statement. Will he confirm that the legislation will apply to mutual societies? If so, would it have prevented the crisis in the Presbyterian Mutual Society in Northern Ireland?

Mr Osborne: One of the things we are considering is whether there should be a de minimis exemption from the regulations for smaller banks and building societies. Vickers proposed that in the interim report, but not in the final report, so this is an area where we are looking at the interim report, rather than the final report. However, we will consult, and the views of Members from Northern Ireland and others will be welcome in that process.

Stephen McPartland (Stevenage) (Con): Does the Chancellor agree that there is no painless way of reforming the banks and that the banks have to accept a little pain now, so that the Government can protect taxpayers from future bail-outs?

Mr Osborne: The banks themselves—inasmuch as we are talking about shareholders who own them—will benefit from a safer banking system. Among the casualties of the banking crash were shareholders of the Royal Bank of Scotland, Northern Rock and the like. They lost money too and, as my hon. Friend well knows, they were not all immensely rich City people; rather, many were actually on quite low incomes. The shares were their main source of savings, so the shareholders also lost out. Owners of banks, including small shareholders, will benefit from a safer banking system.

Mr David Nuttall (Bury North) (Con): Given that the UK's four largest banks hold seven out of 10 personal current accounts and eight out of 10 of the current accounts of small and medium-sized businesses, will my right hon. Friend reassure me that the proposed new legislation and regulation will neither result in banks leaving the UK or being deterred from expanding, nor deter new banks from opening in the UK, thereby reducing competition and restricting choice for customers?

Mr Osborne: The reforms will make the UK an attractive location for international financial services, which will know that our system is better regulated, and for retail banking, because customers will have greater assurances that the banking system is safe and that they will not have to bail out the banks if they go wrong.

Matthew Hancock (West Suffolk) (Con): I very much welcome the report, which, along with all the other measures, I hope will help to change the culture of finance. With that end in mind, will the Chancellor set out what he hopes we can achieve in terms of having a direct impact on individuals' personal pay and compensation in the financial sector?

Mr Osborne: We expect the bonus pool to be lower than last year and very much lower than four or five years ago, when it was probably four times what it will be now, so bonuses have come down. We have a very transparent regime, which did not exist when we took office, with the pay of the eight highest-paid non-board executive members now having to be disclosed. Above all, however, people should pay attention to what the Financial Policy Committee has just advised, which is that banks should retain earnings to build up capital at a time such as this, not pay them out in bonuses. The Governor of the Bank of England, the Financial Services Authority and I have all made it clear that banks would do well to pay attention to that advice over the next couple of months.

Jason McCartney (Colne Valley) (Con): Does the Chancellor agree that the high street banks have a key role to play in regenerating our towns and rural communities, by continuing to have a presence on the high street?

Mr Osborne: Yes, I do, and, to be fair, the banks themselves acknowledge that they withdrew from the high street too much. We want to get back to more of that face-to-face banking that served our country well for many decades. As I have said, the banks acknowledge that, and they have come together to create the business growth fund, which will invest in new start-up businesses. They have also issued a new code of conduct to enable them to get back to the high street banking that we remember from the past.

Mr David Hamilton (Midlothian) (Lab): On the subject of the personal responsibility of directors, I should like to draw the House's attention to Fannie Mae in America, some of whose directors are being charged and, if found guilty, could face prison. Is there anything in the Chancellor's proposals that could put directors in this country in the same boat, in that they could be sent to prison if they were found guilty of doing something wrong?

Mr Osborne: There is nothing specifically about that in the Vickers report, but the Financial Services Authority has done an investigation into what happened at the Royal Bank of Scotland, and has made specific recommendations on the law regarding bank directors. It turns out that the laws were inadequate to help the authorities to investigate specific individuals at RBS and HBOS, so we are going to look at the recommendation, which came to us only recently, and see whether we can implement it, to ensure that individuals as well as institutions can be held responsible for their actions.

David Mowat (Warrington South) (Con): There is no agreed definition of which bank functions may be included in the ring fence, and which may not. There is therefore a risk of fudge as the proposals are rolled out over the next few years. Will the Chancellor agree to ensure that that is defined in primary and secondary legislation, and not simply left to the regulators to argue over with the banks?

Mr Osborne: There will be clear definitions in the legislation. To be fair, what John Vickers recommended, and what we are proposing, is relatively straightforward. There are certain things that will have to be in the ring fence, such as the deposits of individuals and the overdrafts of small businesses. There are also certain things that cannot be in it, such as classic investment banking activities. There will then be a middle ground, which will essentially involve corporate lending, and that can either be in the ring fence or not. John Vickers thought that it would be wrong to prescribe that, because different banks have different models, so he has left the location of the ring fence flexible. However, the height of the fence will be high, and we are going to introduce it into legislation.

Nicky Morgan (Loughborough) (Con): I welcome the emphasis in the Chancellor's statement on more choice and competition, which will benefit businesses in my constituency and elsewhere. They often tell me that this is not just about bank lending, and that it is also about poor customer service and unexpected charges being imposed. Will my right hon. Friend confirm that this is just the start of a process, and that there will be continuous monitoring of the way in which banks treat their customers from now on?

Mr Osborne: There will be, and part of the new regime will involve a specific authority looking at competition and customer service. In that way, we shall avoid having one institution—namely, the FSA—trying to do both functions of a regulator, which are to look at the point-of-sale service that someone gets to ensure that they are being sold a product correctly, as well as ensuring that the bank itself is being properly managed and is not about to collapse. Separating those functions will be an essential part of our reforms.

Charlie Elphicke (Dover) (Con): May I urge the Chancellor to consider a whole in-country depositor preference system, such as that in the United States, rather than the insurance-based system recommended in the Vickers review? This would, over time, discourage reliance on the wholesale short-term funding markets. It would also reduce the risk to the taxpayer of banks that are too big to fail.

Mr Osborne: I am happy to consider my hon. Friend's views, but we are equally clear that the depositor preference proposals in the Vickers report are the ones that we support in principle; their implementation in practice will be addressed in the White Paper.

Brandon Lewis (Great Yarmouth) (Con): Does my right hon. Friend agree that the ring-fencing outlined in the proposals will not only protect the taxpayer from casino banking but have the longer-term benefit of encouraging more competition by creating a fairer and more even playing field for small banks, which would be to the benefit of all?

Mr Osborne: We want to see more competition, which is why we proceeded with the sale of Northern Rock and why we are pleased to see Lloyds seeking to sell its branches to the Co-operative bank. It is also why we

want to see other challenger banks out there. We are also considering a de minimis exemption for some of the smallest banks; we will report back on that when we publish the White Paper.

Tony Baldry (Banbury) (Con): Small businesses in Banbury, Bicester and elsewhere will welcome the enhancement of competition in high-street banking and the fact that it will be easier for them to move accounts. Will my right hon. Friend explain, however, why it is going to take until September 2013 for these changes to be implemented? If the banks had the will, surely they could implement those changes much more speedily.

Mr Osborne: I believe this is quite a complex operation. We have looked at this, as has John Vickers—and he thought 2013 was the appropriate timetable. We are trying to create a seamless service through which people can indicate that they want to change their current account; that happens within seven days without any charges and all the direct debits and the like will follow people to the new bank. It is, as I say, quite complex to achieve and we want the service to be seamless for the customers, so I would rather spend a few months to get it right rather than try to rush its introduction.

Glyn Davies (Montgomeryshire) (Con): Notwithstanding the benefit to individual taxpayers, the banking sector is unlikely to welcome the separation of its retail banking from its investment banking activities, so will my right hon. Friend assure us that he will stand his ground and ensure that our banks cannot look to the taxpayer to save them from the consequence of high-risk borrowing in future?

Mr Osborne: I can absolutely assure my hon. Friend that we will stand our ground. While I have been on my feet, I have received the news that John Vickers has welcomed our response. I absolutely commit to my hon. Friend, to John Vickers and to others that we will implement the proposals in the report to make sure that our banking system is safer, that taxpayers are better protected, that customers get a better service and that we do not repeat what went so badly wrong under the previous Government's regulatory regime.

Andrew Stephenson (Pendle) (Con): Given the dominance of the four largest banks in the UK, does my right hon. Friend agree that, in addition to new banks, credit unions such as the Pendle Community Credit Union or building societies such as the Marsden building society headquartered in Nelson in my constituency have a key role in improving competition on the high street?

Mr Osborne: I think credit unions and small building societies have a key role to play, whether it be in Pendle or other parts of the country. What we want is the greatest possible choice for customers. This report is an important step towards providing that competition and dealing with the large banks that have such a large proportion of the market. The competition part of the report is important and sits alongside the ring-fencing part—all designed to make our banking system safer and to serve customers better.

Mr Philip Hollobone (Kettering) (Con): My Kettering constituents would like to see more competition between the high-street banks. At the moment the big four banks have about 77% of all personal current accounts and 85% of all small business accounts. Would the Chancellor like to see those market shares fall; and, if so, by how much?

Mr Osborne: I would like to see them fall, which is why we are keen to get challenger banks out there. It is why we proceeded, as I have said, with the sale of Northern Rock, and why we want the Lloyds divestment to take place. As for what the exact market share of those banks should be, I do not believe, perhaps unlike my hon. Friend, in the command economy in which the Chancellor of the Exchequer determines every share of the market for every business. I will not prescribe exactly how much market share a bank should have; there has to be an element of the free market .

Mr Tobias Ellwood (Bournemouth East) (Con): I welcome these recommendations for regulation. It might come as a surprise or, indeed, a shock to Members to learn that I was refused my first mortgage application. That happened back in the days when mortgages to first-time buyers were capped at two thirds of the value of the property. Under the previous Government, however, first-time buyers could get 100% or 125% mortgages. Will the Chancellor confirm that those days of irresponsible lending are behind us?

Mr Osborne: We have not much mentioned today the report from the Financial Services Authority, which is about ensuring that people can afford the mortgages they seek. The changes are important, as they get the balance right between not pricing first-time buyers out of the market even more than they are now and ensuring at the same time that people are informed and can get a mortgage that they are able to afford.

Fisheries Council

5.19 pm

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Richard Benyon): I wish to inform the House of the outcome of the discussions on fisheries at last week's Agriculture and Fisheries Council, at which I represented the United Kingdom for the fisheries elements of the agenda, while Richard Lochhead, Michelle O'Neill and Alun Davies represented Scotland, Northern Ireland and Wales respectively. I am aware that that many Members are very interested in the annual fisheries discussions, and I am grateful for the opportunity to inform the House of the outcome of this year's negotiations.

The annual December round is always a difficult negotiation, but this year we went into it facing a greater challenge than we have confronted in recent years. Just under a month ago, the Commission published a regulation on the cod recovery plan that would have had dire consequences for significant elements of the UK fleet. We had not only to negotiate the annual total allowable catch and quota allocations, but successfully to negotiate a resolution of the threat of massive cuts in the time that our fishermen can spend at sea under the cod recovery plan. I am pleased to report that we managed to achieve both those outcomes.

We stated and won our case for our interpretation of article 13 of the cod recovery plan. That means that we can continue to offer incentives, in the form of additional days at sea, to fishermen who undertake additional conservation measures. Without that correction in interpretation, more than three quarters of the fleet would have had their fishing time cut drastically short, in some cases to just four days a fortnight. This important victory means fleets can go on fishing and catching their quota, while continuing the ground-breaking cod avoidance and discard reduction schemes that are being developed and implemented by fishermen all around our coast.

I know that the fact that—except in regard to the regulation that I mentioned a moment ago—we were unable to avoid reductions in days at sea has come as a blow to significant parts of the industry, and I share their disappointment. However, the Commission felt that significant legal obstacles, as well as resistance from a number of member states, prevented it from not cutting the number of days at sea. That said, the Commission has made it clear that the cod recovery plan is not meeting its objectives, and has agreed that the review that I secured last year must be accelerated as a matter of urgency. I hope that it will be possible to revise the rules without a full-blown co-decided revision of the text, but if that is needed, we will work hard with the Commission to create mitigating technical measures that will maximise the opportunities available to our fishermen.

Let me now turn to the TACs and quotas for next year, which constituted the main issue on the Council's agenda. Since the Commission's proposals were published in the autumn, we have consistently argued that we should follow the science, and should aim for the securing of sustainable fish stocks in our seas. That was particularly important in the context of tackling the so-called data-poor stocks. The Commission's proposal that quotas should be reduced by up to 25% did not take into account all the information that the fishing industry and scientists had been collecting, or the implications of such cuts, both in economic terms for the fleet and for discards. Significant cuts in by-catch species, for instance, would have been likely to result in a substantial increase in discards. That is completely contrary to the policy of both the UK and the Commission, which is to eliminate discards.

We successfully negotiated amendments to the Commission's original proposal for TACs and quotas—amendments that are worth an additional £36 million to the UK fleet. We secured the continuation of this year's quota allocations for the majority of stocks, including North sea and west of Scotland megrim, whiting in western waters, and pollack and sole stocks along the west coast. I can give more details if Members require them, but a couple of noteworthy gains included a 200% TAC increase in west of Scotland haddock, a roll-over of Northern Ireland nephrops, and a 150% increase In south-western cod. The UK battled hard to reach an agreement that ensures the long-term sustainability of fish stocks while providing short-term catching opportunities for our fishing industry. The package we secured helps all sectors of the industry, large and small, and delivers benefits for all parts of the UK, north, south, east and west.

I would like to put on record my thanks for the co-operative manner in which colleagues from Scotland, Northern Ireland and Wales contributed to the discussions. In the event, all Administrations were able to agree to the final deal. I would also like to stress that the overall package of measures was negotiated with close and constructive co-operation with the European Commission and with other member states, most notably France, Germany, Spain, Denmark and Ireland. This shows that the UK is playing a firm and constructive role in Europe, getting the best deal for the UK and its fishermen. This was a good result for the UK fleet and, equally importantly, a good result for the long-term sustainability of the stocks that our fleet fish.

Fiona O'Donnell (East Lothian) (Lab): I congratulate the hon. Gentleman on at least managing to stay in the room with his European colleagues until 4 am, unlike the Prime Minister. I also congratulate him on exposing the two faces of the Scottish National party on Europe: on the one hand it promises to get out of the common fisheries policy, while on the other hand it says it wants to be a leading player in the EU.

A sustainable and profitable fishing industry is vital to the UK's economic interests and to coastal communities around the UK. Some 12,000 fishermen are employed on UK boats, with just over 5,000 working in Scotland. The fishing industry is particularly important in Scotland. I grew up in the highlands of Scotland, and on a recent visit to the Western Isles I had a chance to speak to the fishermen in those fragile island communities. Fishing provides employment not only to the men I met in Tiree, Barra and Lewis, but to women as well, in the processing of the catch. May I ask the Minister whether he has visited the Western Isles, and if he has not may I urge him to talk to those men and women, so he can see for himself the impact the decisions he makes has on these fragile communities? Without a good deal from this Minister, the very existence of those communities is at risk.

The case for reforming the CFP is compelling. At present, almost half the fish caught in the EU are discarded, which is both an economic and an environmental waste. In July, this House unanimously adopted a motion urging the Government to support radical changes to the CFP. The Commission published its draft reform proposals on 13 July. What guarantees can the Minister give that the Government's position on discards and CFP reform will not lose out in future negotiations? What progress is he making in advancing the case for the regional management of fisheries waters, a move that would be welcomed by the UK fishing industry?

I pay tribute to the Scottish fishing fleet, which has already reduced discards and introduced CCTV as part of catch quota to better manage fish stocks. What investment in scientific evidence is the Minister proposing to make as we move to long-term management of fishing stocks?

The verdict on this Minister is in: the fishing industry and conservation groups have described his deal as a disaster. In November he met representatives of the fishing industry and stakeholders to agree the UK's red lines for the negotiations, including rejecting any calls to cut the number of days that fleets can spend at sea. On 5 December he issued a press statement saying his discussions with Commissioner Damanaki on the amount of time fishermen can spend at sea were very positive, yet his deal will mean a cut of between 15% and 25% in the number of days white-fish vessels can put out to sea in 2012 as part of the cod recovery plan. Fewer days at sea could lead to the unintended consequence of more damage to fish stocks and higher levels of discards, as fleets rush to catch all they can in their allotted time. Will the Minister explain why he abandoned his red line last week? Will he confirm that some vessels will see their period at sea cut to about four days in every fortnight? Will he tell us how many vessels will be affected and what the position of the Scottish fisheries Minister was on this issue? How difficult was it for the Minister to build alliances to support his red line? What went wrong? Bertie Armstrong, chief executive of the Scottish Fishermen's Federation, said:

> "This is a bitter blow for our fishing fleet, which is now going to struggle to maintain economic viability under the impact of these...unwarranted cuts."

What is the Minister's message to fishing communities who feel betrayed by his broken promises?

I welcome the 200% increase in respect of west of Scotland haddock, the 150% increase in respect of south-west cod and the deal for fishing fleets in Northern Ireland. What assessment has he made of the ability of the fleet to use the extra quota, given that they will be at sea for fewer days? What impact does he believe the overall package will have on the number of fishing vessels that will be viable next year? What assessment has he made of the impact of the reduction in the number of days at sea on the financial viability of the Scottish fishing fleet and fleets elsewhere in the UK?

Next year, we have a once-in-a-lifetime opportunity to reform the CFP. What reassurances can the Minister give the House that the Prime Minister's stance on Europe will not isolate us in discussions and ultimately harm the British fishing industry?

Richard Benyon: I thank the hon. Lady for her warm welcome—I am attempting irony, which never quite works from this position. She really needs to understand that at the beginning of last week we were looking down the barrel of a gun at cuts that could have resulted from a penalty regulation introduced by the Commission. Its interpretation of the cod recovery plan could have resulted in between half and two thirds of the Scottish fleet being put out of business, the Northern Irish nephrops fleet being tied up for 11 months of next year and a great many other vessels and fleets around the country being put out of business. We argued that both at meetings last week and at the end of the week at the Council and we got things reversed. We did so by close working with Ministers from other devolved Governments, and I thank them for their efforts.

If the hon. Lady looked into the details, she would see that although vessels will have a reduced number of days at sea next year, what we secured, through our interpretation of the cod recovery plan, was the ability for them to buy back days at sea by the imposition of other methods of conservation. So she simply has not understood the difference between the control order that the Commission has now withdrawn and the remains of the cod recovery plan.

The hon. Lady asked me to visit the Western Isles. I have done so in the past but not in this role, and I will certainly do so in the future. My right hon. Friend the Member for Orkney and Shetland (Mr Carmichael) has reminded me that I am due to visit Shetland soon, and I see such visits as an important part of my job as UK Minister. She rightly says that there is an important social element to this, because the men who risk their lives to get this healthy and much-needed food on to our plates also support people in ports.

The Government remain absolutely committed to reform of the common fisheries policy. I sat up until 4 o'clock on Saturday morning arguing about net sizes, the gauge of nets, the Orkney trawl and eliminator trawls—such details simply should not be the subject of a management system where the people imposing regulations on the fishery are sometimes located 1,000 miles away from the fishermen who are supposed to use them. We must have reform that is more decentralised and that gets away from the micro-management that has failed. I believe that last week exposed a system that is obsessed with process and therefore ignores outcomes. The cod recovery plan is not working because the Commission sticks so rigidly to the process and the rules and regulations.

What we have achieved is a realisation from the Commission that it must start to look at the process, because the outcomes we all want to achieve are being lost. The hon. Lady is right that Scotland's fleet has done many good things. It has led the way in real-time closures and selective measures, but it has not done so exclusively. Wonderful work has been done around the United Kingdom and we want to see it being brought forward. That is why we have secured the science budget, which the hon. Lady asked me about, to ensure that the information we can give the Commission is accurate. We faced 25% cuts in total allowable catch for data-poor stocks, but we managed to argue against that, not out of a blind desire to let our fishermen go fishing but because there was scientific evidence for it.

When the hon. Lady talked about last week, she talked as though Britain was somehow isolated in Europe. Nothing could be further from the truth. My right hon. Friend the Secretary of State is today at the Environment

[Richard Benyon]

Council and she will have the same experience as I had, which is of a close working relationship. I built alliances with the French and the Germans, and, as I said, with the Spanish, the Irish, the Danish and those from many other countries. I can assure the hon. Lady that Britain is far from being isolated in these matters.

Miss Anne McIntosh (Thirsk and Malton) (Con): I congratulate the Minister on his stamina and on delivering an agreement that was in the best interests of Britain. What does he understand centralisation to mean under the fishery reforms? I hope he will join me in wishing Denmark well as it takes over the presidency. Does he share my concern at the lack of science? He referred to the data-poor species, but we are proceeding with these annual rounds with a complete ignorance of the science about the stocks and climate change, warmer waters and the movement of species. Will he also give us an undertaking today that our inshore fishing fleet will not be disadvantaged in the future reform of the common fisheries policy?

Richard Benyon: My hon. Friend will know that I have been particularly keen in this job to see a better deal for the inshore fleet. I believe that the pilots we are about to start will show a new way of managing the inshore fleet and I can assure her that the scientific evidence we require for that will be vital. As we roll out the Marine and Coastal Access Act 2009 and the marine conservation zones, we will see further investment in information about what is going on in our seas, on the seabed and so on, to ensure that we protect those areas as much as possible.

My hon. Friend asked about regionalisation and it is vital that we get this right. This is a once-in-a-decade opportunity, and, frankly, I do not believe that we will have another chance if we do not get it right this time. Decentralisation must mean an end to the top-down detailed decisions that I described earlier being taken so far from the fisheries. The problem we have in the United Kingdom is that our fisheries are complex. They are mixed fisheries with species swimming alongside each other, which means that if one species is targeted another is caught. Systems of management such as the cod recovery plan that operate from the sub-Arctic waters of the north down to the waters of Spain simply do not work because they are a one-size-fits-all solution and that simply does not work with fisheries.

Mr William Bain (Glasgow North East) (Lab): Will the Minister guarantee that the result of the Council last week still places the European Union on target to achieve maximum sustainable yield by 2015? Does not the outcome of the Council make a powerful case for the introduction of long-term reforms to the CFP and of long-term catch quotas to deal with the problem of by-catch and discards? Is not that reform preferable to the abolition of the CFP, which is the policy of Scotland's separatist party?

Richard Benyon: The hon. Gentleman makes an important point. We very much stick to our international agreed position of seeking to achieve maximum sustainable yield where possible by 2015 and good environmental status by 2020. He is right that long-term management plans are the way forward. I have just been rubbishing one long-term management plan, the cod recovery plan, which is a bad plan. What we want is good long-term management plans, and we certainly can achieve that. The problem with the common fisheries policy is not that it is common but that the policy is wrong. We will always need a degree of common working and all but a very few people in this country recognise that where there is an arbitrary line, such as the one that goes down the Irish sea or the median line through the channel, fish do cross those boundaries. We simply cannot work our management systems on just one side of that line; we must work on an ecosystems basis. That is why we need co-operation with other countries.

Several hon. Members *rose—*

Mr Deputy Speaker (Mr Lindsay Hoyle): May I suggest speedier answers and quick questions? Then, we will get everybody in.

Stephen Gilbert (St Austell and Newquay) (LD): I congratulate my hon. Friend on resisting the more extreme ideas that came from the summit over the weekend. Does he accept, though, that one of the dangers is that as a result of the cuts in the number of days at sea, fishermen may not be able to catch their full quota? Will he undertake to keep the position under review and, if that proves to be the case, go back to Brussels in a year and argue for changes?

Richard Benyon: One of the most ridiculous outcomes of the penalty that was due to be imposed on British fishermen was that they would not have had enough days at sea to catch the quota they were allocated. We managed to stop that. We will constantly keep that under review and we are working hard to make sure that the problems that the fishing industry faces through the reductions in days will not continue in future years.

Angus Robertson (Moray) (SNP): I am grateful for advance sight of the statement and acknowledge the efforts of the Minister, Richard Lochhead, and other colleagues at the discussion, but does the Minister not acknowledge that this annual merry-go-round in Brussels is just not fit for purpose for the fishing industry or for the marine environment, so when will we see proper regional management come into force?

Richard Benyon: The hon. Gentleman is right. It is a circus. It is not a way to do business. We cannot make decisions in this way, working through the night and finding that the direction that we are seeking to take is thwarted by other countries working in a different way in an entirely different sea basin. It is not a good way of making any decision, so reform of the common fisheries policy, which we are discussing in the coming year with a view to a more regionalised system of management becoming possible in 2013, is a priority for this Government.

Amber Rudd (Hastings and Rye) (Con): I know that the Minister is aware that 10 days ago the Environment, Food and Rural Affairs Committee met in Hastings and took evidence from fishermen. May I let him know that the local fishermen whom we spoke to are very concerned about transferable fishing concessions, and may I urge him in all his conversations to bear in mind their differences on the under-10-metre group?

Richard Benyon: I am very aware of the fishermen's concerns, which I share. Transferable fishing concessions may have application with certain vessels in certain fisheries, but by no means all. That is why we need localised management. Member states should be able to take decisions to apply such measures in a way that suits some, but not necessarily all, of their fleet.

Mr Iain Wright (Hartlepool) (Lab): A large proportion of Hartlepool's fishing fleet comprises boats under 10 metres. The Minister did not mention that in his statement. Specifically, what did his late-night work help to achieve for that category of the fleet?

Richard Benyon: I am delighted that we are able to report that there were considerable increases in stocks that will benefit fishing out of the hon. Gentleman's constituency, and that we were able to invoke the Hague preference, which is of particular importance to fishermen in the north-east. We secured increases in whiting, which is of particular interest to his constituents, and I very much hope that we will be able to continue the scientific work that we are doing with fleets based in the north-east on a land-all system so that we can learn what a discard-free fishery means, following it right through the food chain.

Neil Parish (Tiverton and Honiton) (Con): I congratulate the Minister on standing up for British fisheries, and compliment him on the deal he got for cod in the western approaches. On the cod recovery plan, he should not have to defend our plan when we are stopping discards. Should we not get the Commission to endorse more of our plans, rather than having to defend them?

Richard Benyon: My hon. Friend is absolutely right. There has been some really good work in this country on reducing the number of discards, which was acknowledged by the Commission, so it was rather perverse that there was the possibility of measures being introduced that could have brought an end to precisely that good work. In his area, for example, Project 50% saw a more than 50% reduction in the number of discards in the beam trawler fleet. That would not have been possible under the proposed reduction in days that we were facing but luckily managed to reverse.

Jim Shannon (Strangford) (DUP): First, I congratulate the Minister on the hard work done in Brussels along with the other Ministers, including our own Northern Ireland Minister of Agriculture and Rural Development and Fisheries Minister. The Minister fought hard to ensure that prawn quotas were retained although the scientific evidence showed that they should have increased. The herring quota was also decreased although, according to the scientific evidence, it should have been increased. Will the Minister comment on the state of play at the sentinel fishery? We met some of the fishermen the week before he went away and we were told it was being investigated. I believe that the figures for that scheme will show the abundance of cod in the Irish sea.

Richard Benyon: I was particularly worried about the impact on the Northern Irish fleet. The initial proposal would have meant that many of them would have gone out of business. They could not survive if they were tied up for 11 months of the year and I am glad we managed to reverse that. I am glad that we also managed to reverse the proposed 19% cut in Irish sea nephrops, which was totally unjustified, and we were able to prove the science behind it. I was very interested by the proposal that the hon. Gentleman brought to me about a sentinel fishery in the Irish sea. We are looking into it and I will be in touch with him as soon as I have some information.

Sheryll Murray (South East Cornwall) (Con): I thank my hon. Friend for both his stamina and determination in securing an increase in many stocks that my fishermen rely on, particularly cod in area 7B to K. Will he explore the possibility of top-slicing the additional quota that he secured, creating a reserve for the under-10-metre fleet, thus avoiding the disastrous situation we had under the last Government when, in 2008, the under-10-metre fleet in Looe was tied up because the quota was exhausted by the end of February?

Richard Benyon: I am delighted that fishermen have been telling me at great length, not just in the south-west, but certainly in the south-west, that they are seeing more cod now than they have seen for a great many years. That has been backed up by the science and we were able to secure an increase of 150%. That was a good result. Haddock is also up 25% and whiting up 15%. The package is worth £1.3 million in total to the fleet in the south-west. The managing director of one producer organisation told me in the small hours of Saturday morning that at the start of last week he was looking at a £250,000 cut to his members, which would have been devastating, but by the end of it we had secured a £250,000 increase. I will certainly look at my hon. Friend's proposal for the under-10-metre fleet as well.

John Cryer (Leyton and Wanstead) (Lab): At the beginning of the statement the Minister mentioned that the agreement was supported by France, Germany and Spain, among others. I bet they supported it; they saw him coming. If the number of days at sea is reduced, the number of boats going out and the number of people working in the industry will be reduced. The reality is that we will end up with a smaller industry, and that will not be reversed until the Minister obtains some sort of reversal during the review of the doctrine of common resource. That is the root of all the problems in the common fisheries policy, which is one of the most loony ideas ever to fly out of Brussels, and that is saying something. Until he does something about the doctrine of common resource, we will not reverse the situation.

Richard Benyon: I think we are coming from the same direction, but I am not sure we are reaching the same conclusion. The hon. Gentleman is just wrong to say that our relationship with other countries was somehow to their advantage and not to ours. There was a collective view across major fishing countries in Europe that the cod recovery plan was not working and the Commission had to understand why. We were absolutely on the same page with major fishing countries that fish in areas such as the North sea and around our coast. Not only did we achieve a good result last week, but in terms of reform of the common fisheries policy, we will continue to work on those relationships, whoever is in government in those countries, to make sure that we have the result that we need for our fishermen.

Martin Vickers (Cleethorpes) (Con): I, too, praise the Minister for his steadfast and robust approach. One of my constituents shrugged his shoulders this morning and told me, "It could have been much worse", which I can assure the Minister is high praise, coming from them. Many fishermen have virtually eliminated discards through new processes, but that is not reflected in the methodology used in the negotiations. What hope is there for future improvement in that respect?

Richard Benyon: I am grateful to my hon. Friend. It is really important that we build on good work, such as the fisheries science partnerships, which involve scientists going out on fishing vessels and fishermen meeting scientists to discuss how to approach this, as information on discards can then be dealt with in an informed way. That helps me in our negotiations with the Commission, so I commend the work being done by fishermen in his constituency on reducing discards and ask him to keep me informed.

Tony Baldry (Banbury) (Con): I know from personal experience that the post of UK Fisheries Minster is a lonely one and I congratulate my hon. Friend on what he has managed to achieve. This ludicrous system whereby decisions are taken year on year on the basis of sleep deprivation simply has to stop. Will he give the House a written statement in the new year on how he sees the reform of the common fisheries policy moving forward? This year two maritime nations—Denmark and Cyprus—will hold the presidency of the Council of the European Union, so surely there is an opportunity to move to regional fisheries management during their year.

Richard Benyon: I am grateful to my hon. Friend for his help and advice as I have progressed in this job. It is useful to have Members of the House who know what it is like to go through this charade—I use the word carefully—of a process, which requires decisions to be made after two or three days of heavy negotiations that run right through the night. We must have meaningful reform and it must have regionalisation at its heart. We need to be able to define in the new year exactly what we expect when working with partners in the sea basins around the UK. I pledge to keep the House informed of our progress.

Mr Gareth Thomas (Harrow West) (Lab/Co-op): Given the considerable disquiet among British fishermen about the deal, particularly the breaching of the Minister's own red lines, is the deal not further proof of the catastrophic loss of influence in Europe since the Government parties came to power?

Richard Benyon: No, the hon. Gentleman probably was not listening when I said that we have been working extremely closely with our European partners. I think that he would really benefit from seeing just how well we worked and how we joined forces to defeat a proposal that, had it been implemented, would have been utterly devastating for our fishing industry.

Oliver Colvile (Plymouth, Sutton and Devonport) (Con): I congratulate my hon. Friend on getting a 150% increase in the amount of cod being fished off the south-west. What position did the Hungarians and Austrians take in the matter, given that they have absolutely no coastline? Will he also confirm that there will be no impact on recreational fishermen?

Richard Benyon: As my hon. Friend knows, I am a great supporter of recreational angling and want to see many more people fishing in our seas. One of the ways of achieving that is by having more fish in the sea, so that feeds into what we are doing. I can assure him that all my conversations—I think—were with nations that have a maritime interest and that we work well with them.

Mr David Nuttall (Bury North) (Con): We keep hearing about all the benefits of our membership of the European Union. Does my hon. Friend think that UK fishermen agree that the common fisheries policy benefits the UK fishing industry?

Richard Benyon: I do not think that anyone loves the precise elements of the common fisheries policy, but fishermen tell me that they understand that proper management of our seas requires a common approach that recognises ecosystems, because fish do not recognise lines on maps. We need policies that reflect the ecology of fish, which sometimes means having to work with other countries.

Mr Philip Hollobone (Kettering) (Con): The tragedy of all this is that Britain should never have given away her fisheries in the first place. Our European neighbours have overfished Britain's territorial waters and we should be repatriating powers over our fisheries industry. Given that that is not Government policy, I congratulate my hon. Friend on doing his best in difficult circumstances, but will he tell the House whether Britain's market share of fishing will go up or down as a result of this deal?

Richard Benyon: If I may correct my hon. Friend, it is precisely our position to see more regional management of our fisheries, which means that we will be responsible for more of the decisions that are taken at a local level. That seems much more sensible than the current system. I believe that we have created a considerable economic benefit for a number of fishermen around our coast and that we have certainly seen off some very damaging economic decisions that could have come out of it. I hope that, in moving forward to a properly reformed common fisheries policy, I will have his support in trying to get more localised management for our fisheries.

NEW MEMBER

The following Member made and subscribed the Affirmation required by law:

Seema Malhotra, for Feltham and Heston.

Points of Order

5.58 pm

Miss Anne McIntosh (Thirsk and Malton) (Con): On a point of order, Mr Speaker. I have given you prior notice of this point of order, which relates to item 23 of the future business on today's Order Paper—Public Bodies: Scrutiny of Draft Orders. This was due to be debated in the House last week, but the order, as drafted, was defective and so was pulled. It has enormous implications for the Environment, Food and Rural Affairs Committee in particular, but it also relates to all the orders for the dismantling once and for all of particular public bodies, the vast majority of which relate to the Committee.

If I may, I wish to ask for three things: that the order be debated in an orderly manner in the customary fashion; that, where an order for approval is drafted, it is not to be tabled before the end of the laying period and that additional time be granted to an individual Committee, such as the Environment, Food and Rural Affairs Committee, to allow a minimum of 60 to 90 working days to consider it; and that, if necessary, a debate on such an order is allowed on the Floor of the House. This order is monumental in its nature. These public bodies will cease to exist and the members of the Committee would like to have time to consider it fully.

Mr Speaker: I am grateful to the hon. Lady for advance notice of her point of order, and for the point of order itself. Sadly, none of the three requests that she has put to me is a matter for the Chair; all three are matters—her brow is furrowed, but I assure her that I am right on this issue—for discussion perhaps between the Liaison Committee, as the collective representative of Select Committees, on the one hand and Treasury Front Benchers on the other.

I should say to the hon. Lady and to the House, which I am sure will want the issue to be interpreted, that the point at issue is the procedure for Select Committees to deal with proposals made by Ministers under the recently passed Public Bodies Act 2011. I note—she referred to this in passing—that a proposed Standing Order to deal with those draft orders is indeed item 23 in today's Future Business, section C, and no doubt those on the Treasury Bench, which does not include the Leader of the House or the Deputy Leader of the House at the moment but a number of Whips, who doubtless can convey the relevant information, will have heard her point. I have a feeling that if she does not get satisfaction, she is likely, if precedent is anything by which to judge, to return to the matter.

Mr Wayne David (Caerphilly) (Lab): On a point of order, Mr Speaker. At the end of October I submitted a written question to the Treasury for a named day reply. On the named day, 7 November, the reply from the Treasury Minister was, "I shall let the hon. Member have a reply as soon as possible." It is 19 December, and I fully appreciate that I asked about a sensitive issue—fiscal integration in the eurozone—and I know how difficult things are in the coalition on the issue of Europe, but 19 December surely indicates that I should have had a reply by now. Will you, Mr Speaker, make urgent inquiries with the Treasury to ensure that I have a reply as quickly as possible?

Mr Speaker: I thank the hon. Gentleman for his point of order. This has been the subject of some considerable discontent on both sides of the House over a sustained period. Ministers have heard me say before that conforming to the spirit of what the House expects requires the provision of a timely and substantive response to the question posed. Simply to say just before the deadline or on the day of the deadline, "I will reply to my hon. Friend as soon as possible," really is not good enough. The hon. Gentleman is a perspicacious Member if ever there was one, and he might wish to provide that example and possibly others to the Procedure Committee—and, perhaps, to write to the right hon. Member for East Yorkshire (Mr Knight), who chairs that august Committee and is looking into those matters—in the hope that he and his colleagues can get satisfaction.

Mr Denis MacShane (Rotherham) (Lab): On a point of order, Mr Speaker. The Front Benchers' opening statements on the Vickers report earlier this afternoon lasted more than 25 minutes. They were almost Second Reading opening speeches. Statements have become alarmingly long recently. They used to be only seven or eight minutes, and then questions allowed points to be developed. Can we get back to that general rule?

Mr Speaker: I am grateful to the right hon. Gentleman for his point of order. I share his concern. Ordinarily, a ministerial statement is not expected to exceed and, indeed, is expected not to exceed 10 minutes. I was informed that the nature of that statement had required something slightly longer, and in those circumstances I allowed a little extension of time for the Opposition Front Benchers, but on the right hon. Gentleman's substantive point I agree, and I hope that we can start 2012 rather better, with crisp statements and crisp responses from Opposition Front Benchers, and then get on to the people with whom I am mainly preoccupied, namely Back Benchers. I hope that that is helpful.

BILL PRESENTED

Local Government Finance Bill

Presentation and First Reading (Standing Order No. 57)

Secretary Eric Pickles, supported by the Prime Minister, the Deputy Prime Minister, Mr Chancellor of the Exchequer, Secretary Vince Cable, Danny Alexander, Oliver Letwin, Andrew Stunell, Robert Neill and Mr David Jones, presented a Bill to make provision about non-domestic rating; to make provision about grants to local authorities; to make provision about council tax; and for connected purposes.

Bill read the First time; to be read a Second time tomorrow, and to be printed (Bill 265) with explanatory notes (Bill 265-EN).

Apprenticeships

Mr Speaker: We come now to the motion relating to apprenticeships, and to move the motion I call the Minister for Further Education and Lifelong Learning—he may even have other elements within his arsenal—Mr John Hayes.

6.5 pm

The Minister for Further Education, Skills and Lifelong Learning (Mr John Hayes): I beg to move,

That this House has considered the matter of apprenticeships.

Mr Speaker, the other element is skills—but my skills could never be as great as your own, I hasten to add.

The guitarist Chet Atkins once said:

"A long apprenticeship is the most logical way to success. The only alternative is overnight stardom, but I can't give you a formula for that."

Mr Speaker, you and I know, along with others, that long apprenticeships in public service can bear out the first part of that sentiment. On overnight stardom, I say only that the hon. Member for Streatham (Mr Umunna), the new shadow Business Secretary, will no doubt enlighten us on some future occasion.

Mr Speaker, you and I have no wish for this debate to become an exercise in party political tergiversation alone. There is no need for unnecessary contumely, and no need for more criticism of Opposition Members than that which is necessary to, by contrast, highlight the extent of our achievements.

There are many on the Opposition Benchers whose commitment to apprenticeship training is deep and sincere, and I recognise that the previous Government did indeed invest in apprenticeships—certainly towards the end. It is also fair to point out that there was a rise of almost 50,000 in the number of apprentices aged over 25, so, despite some things that we have read recently, the growth in older apprentices is a trend change that has been taking place over a number of years.

Indeed, the previous Government recognised, as you will know Madam Deputy Speaker, in the Leitch report on skills, which they commissioned, that such growth in the skilling of older workers was essential to keep pace with our competitors by upskilling and reskilling the existing work force.

Above all, I know that Members on both sides of the House recognise that apprenticeship training is a sure way to success. The all-party group on further education, skills and lifelong learning recently called for the creation of a "Royal Society of Apprentices" as a means of raising the profile of what many of us believe is our most effective form of vocational training, and I will, I am pleased to tell the House today, take that proposal forward.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): The Minister knows and is quite right that all Members are in favour of apprenticeships, but we are in favour of quality apprenticeships. When I was Chair of the Education and Skills Committee, I discovered that too many apprenticeships lasted only one year and very many did not lead to a secure job. There are now 1 million unemployed young people, and some of us believe that 6% of young people going into apprenticeships is not enough. We need new efforts to get more people apprenticeships now.

Mr Hayes: The hon. Gentleman has been a long-standing advocate of apprenticeships, and he rightly draws attention to previous Select Committee reports on the subject. He highlighted those reports in the Chamber on more than one occasion when I was present, and he is right in two particular respects: first, it is important that we focus apprenticeships on where they are of most value, and there is more evidence to suggest that they are of most value to young people between the ages of 16 and 24; and, secondly, it is important that we are relentless in our drive for quality. He is right, too, that as we increase the quantity of apprenticeships there will be a tension with quality, but I shall say a great deal more today about the steps that we have taken and the future steps that we propose to take to achieve just that ambition.

Having said that there is a broad measure of agreement, a point echoed by the hon. Gentleman, I should say, first, that the difference between us and the previous Government is that we have made apprenticeships the pivot around which the rest of the skills system turns. Secondly, we have made them fill a bigger space than ever before. Finally, we have put in place an unparalleled level of funding to support our single-minded aim to create more apprenticeships than modern Britain has ever seen. It is important to point out that that growth has not been only in traditional craft apprenticeships, but in the new crafts too—advanced engineering, IT, the creative industries and financial services.

Why, people might ask, do we put such an emphasis on apprenticeships? It is not just that apprenticeships work, although they do, or that an apprenticeship is probably the most widely recognised brand in the skills shop window, although it is; it is also about what apprenticeships symbolise—the passing on of skills from one generation to the next and the proof that that offers that learning by doing is just as demanding and praiseworthy as learning from a book. As William Morris said, all art and craft is

"the expression by man of his joy in labour".

It is my ambition to dispel once and for all the myth that one can gain accomplishment only through academic prowess. The sense of worth that people gain through the work of their hands—through practical, technical and vocational skill—needs to be recognised, just as we recognise academic achievement.

It is that sense of apprenticeships as the embodiment of a continuum that guarantees their place at the heart of my vision for skills. I hope that, like me, hon. Members on both sides will welcome the provisional figures that show that, in the academic year that has just finished, nearly 443,000 people started an apprenticeship in England.

Mr Andrew Turner (Isle of Wight) (Con): Will my hon. Friend join me in congratulating HTP Training, an Isle of Wight apprenticeship provider, and its managing director Rachael Fidler? Most notable is its successful apprenticeship completion rate of 87%—significantly higher than the national average of 74%. Does my hon. Friend agree that none of that would have been possible without the Government's help and support?

Mr Hayes: That is the kind of testing question and penetrating intervention that I expected during this debate. None the less, it was most welcome, and from a Member who never ceases to represent his constituents in the Isle of Wight with vigour, verve and absolute integrity. His support for apprenticeships has been critical in delivering the 100% increase in Isle of Wight apprenticeship numbers to which he has drawn the House's attention.

Mr Sheerman: Some of us sometimes try to get the Minister to be cross with us because he is always so polite and always strokes the feathers of everyone who asks him a question. However, I have to put it to him again: we all know that apprenticeships are something of a fig leaf for the Government. One million young people are unemployed and the Government keep pointing to what I call the fig leaf of apprenticeships.

Will the Minister stop weaving the myth that they are all three or four-year apprenticeships leading to secure jobs? What is the average length of an apprenticeship today? That is the crucial thing. I think that the Minister is going to have to say that it is about a year. Is that the truth? That is what the public want to know. What quality and length are the apprenticeships of which he is so proud?

Mr Hayes: The hon. Gentleman is renowned for his insight, and I had thought until today that he was equally renowned for his patience. I said that I would deal with quality and I assure him that I will also deal with the length of apprenticeships. I think he is right. Although there is no direct, guaranteed link between the length of an apprenticeship and its quality, there is a relationship. It is not a direct correlation, but it is a correlation none the less.

Today I will set out my demands for a minimum length for apprenticeships. That is perfectly reasonable. As I said, it is not a guarantee of quality, but it will certainly offer considerable assurance to the hon. Gentleman and others who, like me, are determined that quality should match quantity. The hon. Gentleman has, over many years, supported my view that technical education is critical not merely because it serves an economic function—because of its utility—but because of what it does for social mobility and social cohesion. Drawing on his patience and insight once again, I ask the hon. Gentleman to wait a few moments. I shall be speaking about the issue at considerable and eloquent length.

The figures that I cited show that numbers were up by more than half in the 2009-10 academic year. I want to make the point firmly that that includes an increase of about 10% in the number of apprentices under 19. I remind hon. Members that that Government achievement has been completed not merely because of our concentrated effort and the funding that we have put in place, although that is critical, but thanks to the work of further education colleges and other training providers, businesses coming forward and creating apprenticeship places, and learners and their families seizing the opportunity with both hands. The real credit lies with the learners, the training organisations and the businesses that allowed that expansion in the apprenticeship programme to take place.

Richard Harrington (Watford) (Con): SQI in Watford offers 10-week apprenticeship courses followed by 10-week placements. They lead to 85% of those taking part being in permanent employment. I do not think that the length of an apprenticeship is everything.

Mr Hayes: My hon. Friend has a lot to be pleased about in respect of apprenticeships; as he will know, in his constituency their number has grown by 98%. I did say that I did not think there was an exact correlation between quality and the length of a course, but I think there is a relationship. By setting down a marker about the minimum length of an apprenticeship, we will drive up quality. We will certainly reassure those who are genuinely committed to the apprenticeship programme, but have doubts about the tension between quality and quantity, that we are serious about standards. That matters.

I take my hon. Friend's point. It may be possible, particularly for older learners with greater prior attainment, to top up skills—perhaps they are moving from a level 2 to a level 3 qualification, or they already have many of the skills necessary to gain their first level 2 qualification. None the less, I still think that length matters.

I should like to put the debate in context, Madam Deputy Speaker; you would expect me to do no less. The Government's macro-economic policy is built on twin pillars—reducing the deficit and reshaping our economy to make it more sustainable. That second core aim is served by the apprenticeship programme, because it assists in recalibrating work force skills so that productivity rises and competitiveness grows. Britain's future chance to prosper lies in a high-tech, high-skill economy and to prosper in that way we need a high-tech, high-skill work force.

The recent announcements of reform to the programme concentrated on three areas key to the programme's continued expansion and success: how to get more employers involved in offering apprenticeships; how to ensure that apprenticeships continue to offer people, especially young people, a firm first step on the ladder that leads to fulfilling careers and further learning; and how we ensure that the money that we spend on apprenticeships has the greatest success.

In the end, apprenticeships are jobs and the programme is demand-led. That means that the growth depends on employers coming forward to make places available. In the current economic climate jobs are in short supply, notably for young people, so the record increase in apprenticeship numbers is remarkable. Hon. Members will join me in commending the 100,000 employers that are using apprenticeships to develop work force skills—helping their businesses, but also providing opportunities for people across this country to grow their skills and improve their prospects.

Our work to recruit more employers to our cause goes on. Only this morning, I was at No. 10 Downing street briefing major employers on what apprenticeships can do for them. They were as committed to spreading opportunity and to social justice as I am.

Our objective is to improve and strengthen the programme even further so that more individuals and employers can access the benefits of high-quality apprenticeships. Overall, employer ownership of vocational skills is the key to our approach. This ambition informs all our priorities in moving forward: first, by reducing bureaucracy to an absolute minimum, speeding up processes

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and boosting employer engagement; secondly, by safeguarding quality, raising standards, and enhancing the reputation of the apprenticeship brand; and thirdly, by focusing future growth where the returns and benefits are greatest, including growth sectors of the economy, small and medium-sized enterprises, young people and new employees.

SMEs tell us that they still face considerable hurdles in taking on apprentices, and we have taken a serious look at what we can do to help to remove the barriers that they face. This has rightly been raised on the Floor of the House by Members on both sides and in all parties. I can announce today that, first, we will bring reduce to one month the time it takes for an employer to advertise an apprenticeship vacancy, including identifying the provider and completing an agreement on a training package between the employer and the provider; and secondly, we will remove all health and safety requirements that go beyond what health and safety legislation requires. From 1 January, employers that meet the Health and Safety Executive's requirements as set out in "Health and safety made simple" will be deemed to provide a satisfactory level of compliance. We will also work with the insurance industry to encourage an approach that is proportionate to risks, and with training providers to develop new service standards for supporting SMEs to be included in all contracts for apprenticeships delivered from March 2012.

In addition, we are committed, in a significant new pilot programme, to taking radical steps to give businesses direct access to up to £250 million of public funding for training and apprenticeships over two years. This pilot is a key part of the Government's growth review. It will route funding directly to businesses, will be more efficient than current arrangements, and will give businesses real purchasing power in the schools marketplace to secure the support that they need.

Mr Adrian Bailey (West Bromwich West) (Lab/Co-op): Will the Minister give way?

Mr Hayes: I happily give way to the Chairman of the Business, Innovation and Skills Committee.

Mr Bailey: I thank the Minister for his customary courtesy in giving way. I welcome the announcement about provider and employer engagement, and speeding that up, but will he clarify whether there are any restrictions regarding a member of a board of a provider company being precluded from being a member of a board of a user company?

Mr Hayes: The answer is that I do not know; in these circumstances, it is always right to be straightforward. Because I know that the hon. Gentleman takes these matters seriously and is committed to getting this right, as I am, I will take his point away and look at it. He is arguing that there might be a conflict of interest in terms of provider and employer, and he is right to say that there should be a proper separation. However, as he will know, it is often the case in large companies that the training wing of the company provides the pedagogy associated with an apprenticeship while the apprentice is engaged in the work-based training in the same company, though in a different part of it. I would qualify his query with that caveat. None the less, I will take another look at the subject and will be more than happy to respond to him directly.

The pilot that I described will involve employers being asked to demonstrate how public funding will be used to leverage private investment and commitment to raising skill levels in their sectors or supply chains. As we grow the apprenticeship scheme, it is very important to take advantage of the value chains associated with our major corporates—their supply chains and their distribution chains, where they exist. Typically, Governments have spent insufficient time considering how that might work in the light of the well-established nature of those relationships and the dependence of large organisations on myriad smaller companies, the fragility of which, by their very nature, is possibly injurious to the interests of those corporates.

For example, major suppliers in the automotive industry tend to have very large numbers of organisations with which they deal commercially in their locality, some of which are vital to the effectiveness of such large organisations. It is vital, in their interests and in ours, that we do more to ensure that those relationships allow us to grow the apprenticeship system within SMEs. It may be of value for large companies to absorb some of the bureaucracy and some of the cost, and certainly to absorb some of the management associated with seeding apprenticeships in their value chain. Bidding for the employer-led pilot will formally be launched in the new year.

Above all else, my advocacy of practical learning and my faith in apprenticeships are driven not by economic imperative—not merely by utility—but by social purpose. I said earlier that for too long the myth that only through academic accomplishment can a sense of worth be achieved has been perpetuated by those who themselves have travelled a gilded path to academia. Now it is time once again to recognise what Ruskin and Morris knew—that all those with practical tastes and talents, with technical vocational aptitudes, deserve their chance of glittering prizes too. This is not just because of the relationship between craft and beauty and, in turn, between beauty and truth, but because for society to cohere we must promote the common good through a shared appreciation of what each of can achieve. All feel valued when each feels valued. Given that inequality is the inevitable consequence for a free economy in a free society, only through social mobility can a communal sense of fairness be achieved. A society that is unequal and rigid is bound to be unable to secure the ties of shared identity, as invisible and yet as strong as the heartstrings of love.

Mr Sheerman: The hon. Gentleman and I share a great admiration for the poet John Clare. I am still waiting for a quotation from John Clare, who lived very near his constituency.

May I bring the hon. Gentleman back to the false dichotomy that comes through insidiously in his honeyed words—namely, that there is one group of people going into academia and higher education and a more worthy group going into apprenticeships and more practical learning by doing? This September, 36% of people went into higher education and 6% went into apprenticeships; we want him to talk about the 58% who went in neither direction.

Madam Deputy Speaker (Dawn Primarolo): This is the season of good will, so I am pleading for good will from hon. Members in making short interventions. I remind everybody in the Chamber that this is a very heavily subscribed debate with a time limit on speeches that may, at this rate, have to be shortened for each speaker. In the interests of good will, perhaps we could make sure that all hon. Members get to speak tonight.

Mr Hayes: Yes, Madam Deputy Speaker; I must not allow my legendary generosity to prevent Members from contributing to this debate.

To the hon. Member for Huddersfield (Mr Sheerman) I say:

"I loved thee, though I told thee not,
Right earlily and long,
Thou wert my joy in every spot,
My theme in every song."

That is by the people's poet, John Clare. I believe that the hon. Gentleman saved John Clare's home with the involvement of a social enterprise. We share a passion for the people's poet, as we share a passion for the welfare and interests of the people. It is just a pity that I am in the people's party and he is not.

With so many people currently not in employment, education or training, we must do more to extend the ladder of opportunity—the point that the hon. Gentleman is making. It is absolutely vital that in getting apprenticeships to fill a bigger space, we not only allow them to redefine our sense of what we understand as higher learning—I shall speak about that, too—but use them as a vehicle to allow for re-engagement of those who are currently unable to contribute in the way that we both want them to by getting a job, keeping a job, and progressing in a job. Through our access to apprenticeships programme, which we piloted as a result of my determination to do exactly what the hon. Gentleman described, I believe that we can provide just such a vehicle to get those who were failed by the system the first time around and who do not have sufficient prior attainment on to a level 2 course.

The drive for greater quantity must be matched by a determination that quality will grow in tandem. First, we will strengthen the English and maths requirements for apprentices who have not yet achieved a level 2 qualification. Those subjects remain essential for long-term employability and progression, so from the 2012-13 academic year all apprenticeship providers will be required to provide opportunities to support apprentices in progressing towards the achievement of level 2, GCSE or functional skills qualifications. They will be measured on their success in so doing.

Secondly, we will launch a rapid employer-led review of apprenticeship standards to identify best practice, ensure that every apprenticeship delivers the professionally recognised qualifications that employers need, and ensure that the Government are maximising the impact of public investment.

Andrew Griffiths (Burton) (Con): Does the Minister share my concern that the new requirement for maths and English to be part of the apprenticeship course might deter some of the NEETs—those who are not in education, employment or training—we are trying to get into apprenticeships from taking part in such schemes? Does he believe that we need additional support to help underachievers who do not have the required attainment in maths and English to achieve it so that they can get on to an apprenticeship scheme?

Mr Hayes: My hon. Friend will know that in his constituency of Burton, apprenticeship numbers have risen by 76%. He will know, too, that that rise is due to the excellent work of his local further education college, with which I have had regular dealings.

My hon. Friend is right to argue that it is important that we take account of those who do not have the prior attainment to get on to a level 2 qualification. That is precisely the point that I was making a few moments ago, when I spoke about pre-apprenticeship training. To be clear, I said that those achieving a level 2 qualification must meet the standards in maths and English. There is an absolutely proper argument that we need steps on the ladder before people get to level 2, to allow for the re-engagement of those who are currently not able to get a job.

Thirdly on quality, we will continue to raise quality through consumer empowerment and transparency by improving employer and learner access to objectives and comparable information on providers.

I can also announce today additional steps that I am taking to raise the bar of apprenticeship standards even higher and to root out poor quality where it exists. All apprenticeships should involve a rigorous period of learning and the practice of new skills. If the standards are sufficiently stretching and the expectations of competence high, I believe that a course should naturally extend over at least 12 months. That will be the expectation first for 16 to 18-year-old apprentices from August 2012, as new contracts to training providers are issued. I have asked the National Apprenticeship Service to assess the implications of extending that to apprentices of all ages, taking account of the fact that older apprentices typically have greater prior attainment, as has been said. That will also allow time for our raised expectations on English and maths standards to be achieved. I am mindful of the comments of my hon. Friend the Member for Burton (Andrew Griffiths) in that regard.

Alongside that, I have asked the National Apprenticeship Service to work with the Alliance of Sector Skills Councils to tighten guidance for those who are developing apprenticeship frameworks to ensure that expectations on national standards and rigour are met, and to take action where frameworks are insufficiently stretching. In the current economic times, we must be more vigilant than ever to ensure that funding delivers value and is properly spent. I am mindful of the remarks of the Chairman of the Business, Innovation and Skills Committee. We must crack down when there is evidence that public money is not being spent properly. Action is in hand to review cases where there is concern. Our resolve is to ensure that every penny of public money delivers high-quality apprenticeships and to continue to weed out failure and weakness wherever they are found. I know that the Select Committee is about to launch an inquiry into apprenticeships. I will make the evidence available in my submissions to that inquiry, giving a clear timetable of action and details of the steps we intend to take to root out poor provision.

The Skills Funding Agency will tighten the contracts with colleges and other training providers to allow the immediate withdrawal of funding from provision where

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quality standards are not met. I am mindful of the comments of the former Chairman of the Children, Schools and Families Committee, the hon. Member for Huddersfield.

Members are aware of the scale of the crisis in public spending that this Government inherited and of the sometimes painful measures that we have had to take to deal with that. The fact that even in these circumstances we have increased spending on apprenticeships is a clear demonstration of our belief in the economic and social value of this form of training, and in the talent and potential of our young people. On 17 November, we set out a clear commitment to focus growth where the returns are greatest, both in terms of age groups and sectors. For example, there is evidence that younger apprentices see the greatest benefits. We will expect the National Apprenticeship Service, employers and providers to focus their efforts on those groups. Accordingly, I am asking the National Apprenticeship Service to target more actively, through marketing and other operational levers, the learner groups, qualifications and sectors where apprenticeships deliver the greatest benefits.

In addition, to widen the effort to create more and better apprenticeship opportunities and to grow the programme among SMEs, from April 2012 we will offer up to 40,000 incentive payments of £1,500 for small employers who take on their first young apprentice. Sufficient funding was already available for next year to support at least 20,000 incentive payments in respect of apprenticeships for young people. An additional fund will be made available to support a further 20,000, meaning that in total there will be 40,000 incentive payments. The payments will be targeted to provide additional apprenticeship opportunities for young people who are ready for employment with small employers that have not been engaged with the programme previously.

I said at the beginning of my remarks that what distinguishes this Government from the previous one is that apprenticeships are at the heart—at the very core—of our approach to skills. We want to build a ladder of opportunity that stretches from re-engagement to the highest skilled levels, with apprenticeships filling a bigger space. We will redefine what we mean by higher learning. In future, our vision of higher learning will extend out from the university classroom or laboratory into the workplace. Because I want a vocational pathway as rigorous, accessible and progressive as the academic route, on 1 December we announced that £18.7 million from the higher apprenticeship fund will support the development of 19,000 new higher apprenticeships in key growth sectors, including construction, renewable energy, advanced engineering, insurance and financial services.

Sajid Javid (Bromsgrove) (Con): I am glad that my hon. Friend is setting out plans to increase higher apprenticeships, because for many young people that is a better route to successful employment than a university degree. For the benefit of the House, will he outline how many higher apprenticeships were created by the previous Government?

Mr Hayes: I do not want to be excessively critical of the previous Government. I made that clear at the outset. I said that I would not be more partisan than was necessary to illustrate the extent of our achievement. In answer to my hon. Friend, let me point out that in 2008-09 there were fewer than 200 higher apprenticeships. With the announcements that have already been made and the relaunch of the higher apprenticeship fund in January for its next phase, I estimate that in this Parliament we will create 25,000 higher apprenticeship places. From 200 places to 25,000 is an extraordinary and remarkable achievement, for which the Prime Minister, the Chancellor, employers, learners and providers can take an immense amount of credit, and for which I can take just a little credit too.

Toby Perkins (Chesterfield) (Lab): I am very keen that the hon. Gentleman should get all the credit that he can. On that note, will he tell the House how many more young people between the ages of 16 and 24 are unemployed after the 18 months in which he has been in his role?

Mr Hayes: I wondered whether the hon. Gentleman might ask that question because I know of his genuine and deep-seated concern about these matters, so I had a look at the figures on NEETs over the period from 2000 to date. He will know that from 2004 the number of disengaged young people grew steadily, and that in the third quarter of 2009 it reached 925,000. He will understand that that is a structural problem that requires structural solutions, and that part of the solution is to recast how we train and educate young people and how we create opportunities of the type that I have described, so that we can not only re-engage them but allow them to progress.

The difference between our approach and that of the Labour Government—and, to be fair, previous Governments—is that for a time, apprenticeships may have been seen as a cul-de-sac rather than a highway. By creating the number of higher apprenticeships that I described, I am ensuring that there is a vocational pathway, so that far from being a cul-de-sac, apprenticeships are a route to higher learning that enables people to fulfil their potential. I am confident that our structural changes will help us to deal with a structural problem in a way that the last Government failed to do. I do not say that in an unnecessarily partisan way, but it is pretty surprising that even at a time when the economy was very strong, the number of young people not in education, employment or training remained persistently high and continued to grow.

Steve Rotheram (Liverpool, Walton) (Lab): Perhaps I can help by saying that in 1995-96, the number of young people starting an apprenticeship under the Conservative Government was a little over 20,000. The Tory Government did pump that up in their last few months and reached the amazing number of 65,000, but after 12 or 13 years of the last Labour Government, that number had increased to 280,000. I say that to be helpful to the hon. Member for Bromsgrove (Sajid Javid).

Mr Hayes: The hon. Gentleman is a former apprentice and is passionate about the subject, and on that basis I defer to his expertise and personal understanding of the subject. He will be as pleased as I am that apprenticeship numbers in his constituency have grown by 65%. I acknowledged at the outset that apprenticeship numbers grew under the last Government. Indeed, the former Prime Minister declared to the House in 2010 that there were 250,000 apprenticeships. Now there are nearly

440,000. That is the difference between Labour's record and ours. I know that in the spirit of generosity that typifies all the hon. Gentleman does here, he will want to acknowledge that success when he speaks later.

The development of our new higher apprenticeships in key growth sectors, including construction, renewable energy, advanced engineering, insurance and financial services will allow about 250 employers, including Leyland Trucks, Unilever, TNT, Burberry and so on, to benefit from nationally accredited technical training delivered in the workplace. Higher apprenticeships have the potential to deliver higher-level skills tailored specifically to individual business requirements, and I am encouraged by the research produced at Greenwich university earlier this year showing that about 13% of apprentices progress into higher learning within four years of completing their apprenticeship. As I said a moment ago, we will deliver more than 25,000 higher apprenticeships in this Parliament.

There is much more that I could add to that catalogue of good news. I could wax even more lyrical about the scope and scale of our achievements, but I know that many Members want to speak and I am anxious not to impinge too much on their time. I know that when they speak, like those who have already intervened, they will want to reflect on how much has been achieved over recent months, not just in expanding the apprenticeship programme but in making it more responsive to the needs of employers and the aspirations of learners. Hon. Members will also be aware of how much remains to be done to ensure that we build on excellence, focus on quality, direct funding, link apprenticeships to growth and ensure that not only the macro-economic ambitions that I have set out but our social ambitions are achieved. That is the scale of what we want to achieve. We will be ever vigilant in raising standards and quality, cutting bureaucracy and prioritising areas in which returns and impact are greatest.

At a recent Business, Innovation and Skills questions, I asked all hon. Members who had not done so already to set an example by taking on an apprentice. Today, I ask for their engagement during national apprenticeship week, which starts on 7 February 2012.

To change our national prospects, we must change our view of what matters to each of us and all of us. Apprenticeships are an economic imperative, a social mission, a cultural crusade—such is the scope and scale of our ambitions. We want to reinvigorate practical, technical and vocational skills by reigniting the fire of learning. We want lives lit up by achievement, with a new generation of craftsmen shaping a bigger Britain and building a better future.

Several hon. Members *rose—*

Madam Deputy Speaker (Dawn Primarolo): Order. Before I call the other Front-Bench speaker I inform Members, so that they can get ready, that as we are not making as much progress as we should, I am reducing the time limit for Back-Bench speakers to six minutes in order to get everybody in. I hope that is clear.

6.46 pm

Mr Gordon Marsden (Blackpool South) (Lab): I know that in certain quarters—some of the more world-weary denizens of the 21st century—the Minister, for whom I have much respect and affection, is the subject of mild amusement because of how he manages to cover all times, all places and all poetry, and in particular because of how he invokes mediaeval guilds. I think that is extremely unfair, and I have a confession to make tonight: I, too, am a mediaevalist. In fact, a significant chunk of my education at Stockport grammar school was down to an apprentice made good, Sir Edmund Shaa, who was apprenticed as a goldsmith in 1450 and subsequently founded the school in 1487. His Latin motto was "Vincit qui patitur", which very loosely translates as "You'll get there if you stick at it". Of course, that was what happened in that period for people such as Dick Whittington, who was of course apprenticed as a mercer. This is the time of year for pantomime, Madam Deputy Speaker, so I trust that you will forgive me for mentioning him. It also happened for Scrooge, who was not represented in Dickens's novel as the Chancellor of the Exchequer but was an apprentice to Fezziwig, who was also a great model.

Apprenticeships were renewed by the trade union movement in this country in the 19th and 20th centuries. It was the skilled working class who took them up. My own father, who was apprenticed just before the second world war to Crossley Brothers, one of the best engineering companies in the north-west, was told by my grandfather that he had a job for life. However, as we well know, we have seen the decline of traditional industries over a long period. In the spirit of Christmas and non-partisanship, which the Minister mentioned, I will not ascribe that to any one particular Government, although Thatcherism comes to mind. We saw the meretricious pursuit of funny money and fluffy activity under the Thatcher Government—not that I would accuse the Minister of being either fluffy or funny. [Hon. Members: "Ooh!"] Funny peculiar, not funny ha-ha.

By the 1990s, as my hon. Friend the Member for Liverpool, Walton (Steve Rotheram) said, apprenticeships were on their knees, and it was the Labour Government who renewed them, as the Minister was gracious enough to acknowledge. Incidentally, that renewal did not come out of a focus group, and sadly it was not detailed on the great pledge card. It certainly did not come via Twitter, because we did not have the technology in those days. It came from a deep belief and a response to what we were being told in our heartlands about industrial decline, the failings and horrors of the youth training schemes and the low-skill, low-quality training that had taken place under the Conservatives before 1997.

We said that there must be a better way. That was why we revived manufacturing and gave it a sense of structure as we approached the millennium, and why we set up the national apprenticeship scheme and introduced national apprenticeships week. At the end of the day, it was also why it was the Labour Government who supported our successful bid to stage WorldSkills this October in London—I also pay tribute to the Minister and Members from across the House—and what a wonderful showcase for vocational activities in this country that was.

I do not need to remind the House—because the Minister has already generously done it for me—that we commissioned the Leitch report, that seminal report on our skills needs which has informed policy in all parts of the House. What it says about the direction of travel remains just as relevant, even though the economic situation has changed utterly from the period in which

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it was produced. Leitch ascribed to apprenticeships an important role to play in improving adult skill levels, as the Minister rightly said. That will only become more important as our demographic profile changes. However, we have to resist the temptation to label all in-work training as apprenticeships, thereby stretching the brand to breaking point. We also have to judge training schemes critically in their own right, and in preparation for this situation.

However, at a time of huge rises in youth unemployment and the number of NEETs, it is clear that the immediate challenge is to grasp the nettle and boost the number of apprenticeships available to those aged 16 to 24. The Government's own head of the apprenticeship service warned only this summer about the chronic lack of places for interested school and college leavers. It is therefore not just a question of supply, or even money—although the Minister has been somewhat over-familiar with the figures, and I intend to return to where some of the money has come from. It is also about demand—demand in the workplace and demand from employers—and, crucially, confidence. Without confidence, the Government can produce as many schemes as they like, but they will face an uphill battle in successfully attracting the numbers. It is this Government's failure to produce economic arguments or an economic strategy that will generate confidence that has contributed to many of the problems with which the hon. Gentleman has had to grapple.

However, I would like, if I may, to pose a further question for the House—one that goes to the heart of the future for apprenticeships. What are apprenticeships for? Do we see them as a means to expand someone's existing skills competences, providing a traditional role, or as a means to give rigour to new and developing types of employment, such as in green and low-carbon areas? If so, we need to highlight the importance of adopting a collaborative approach in those areas between employers and training providers in designing frameworks that best fit those new competences. I know from talking to a successful construction business in my area—a company called Amion, which has a good track record in supporting employees from Blackpool to gain higher and further education qualifications as apprentices, both part time and full time—that expansive frameworks might not always be the answer for young people taking an apprenticeship or skills route to qualifications while working in a company. As for older workers, especially in construction or electrical activities, it might make more sense to have shorter, one or two-day bolt-ons to existing qualifications, which again highlights the need for frameworks to be flexible and adapt rapidly to new developments. In a labour market where the average person will be expected to change jobs a number of times in their lives, can a portfolio of skills be offered that will allow the budding apprentice the ability to cope with this new-found flexibility, as he or she progresses?

There is a lively and ongoing debate about the nature of apprenticeships—an issue to which the Government have rapidly been forced to turn because of some of the disquiet in recent months. That was apparent from a meeting in this House organised recently by *FE Week*, when more than 80 apprenticeship providers came to the Commons to voice their views and concerns about quality and overstretch in apprenticeships, which is something that we have also articulated via our parliamentary questions. As Peter Cobrin, the national education director of the website notgoingtouni.co.uk, argued:

> "Is 12 weeks working in a catering establishment and coming up with a certificate—is that an apprenticeship? Or three years working in a engineering company– is that an apprenticeship? We haven't got a handle around what it is."

Alastair Thomson from the National Institute of Adult Continuing Education talked about people who are already working for the employer and then being put on the programme. He said, "Sometimes that's not a bad thing, but if the person who goes through an apprenticeship stays on the same job or does not get any pay rise—is that really a good use of public money? I'd suggest not."

Those are issues that have been raised strongly, along with others, in connection with Elmfield Training, which made significant profits in delivering the apprenticeships framework. I have also written to David Way of the National Apprenticeship Service to voice my concern about those issues. I therefore welcome the Minister's announcement today about curtailing apprenticeships that are shorter than a year. I also welcome all the other things he has said in that respect, but this House needs to remember that this comes on the back of a process of concerted pressure, 18 months into this Government's period of office. I would say gently to the Minister that the devil is in the detail. I appreciate that he wanted to present a lot of the detail today, but when he was going through it so rapidly, talking about the sunny uplift, I was reminded of the old saying: "The faster they counted their honour, the faster we counted the spoons." We will certainly be counting the spoons and holding the Government to account on these issues.

The Minister's announcement will do nothing immediately to address the concerns about the quality and progression of apprenticeships for those in the crucial age range between 19 and 24, although the Minister said that he would look at that. After all, their futures are just as important to the economy and jobs as those in the younger range. We will therefore be pressing Ministers to ensure that apprenticeship standards and quality are maintained for all ages.

Mr Hayes: I do not want to intervene too frequently on the hon. Gentleman, because a lot of colleagues want to contribute, but he will know that the growth in apprenticeships for 19 to 24-year-olds over these two years—the first year of which his Government might take some credit for, because of the time lag in publishing the figures—has been around 60%. There has been considerable growth in apprenticeships for 19 to 24-year-olds. As for quality, he will also know that it was this Government who introduced both minimum contract values, to take out some of the smaller and less reliable providers, and apprenticeship standards, and that was in the beginning, not in response to any pressure from the Opposition.

Mr Marsden: Well, I—

Nigel Adams (Selby and Ainsty) (Con): Agree?

Mr Marsden: No, I do not agree. I hear what the Minister has to say, and I accept that he and colleagues have made progress in that area. My point about 19 to

24-year-olds was not that the numbers had gone up, but that it is just as important to look at quality for that group as it is for 16 to 18-year-olds. Let me say rather gently—albeit excluding the Minister from culpability in this respect—that if the Government move in the same glacial fashion as they moved in other areas of quality and due diligence, such as with the regional growth fund, then we will have the opportunity to come back and quiz them further. However, knowing the Minister's commitment in this area, his perspicacity, his ability to summon up armies of rhetoric—and, indeed, civil servants to do this job—I am sure that that will happen.

Let us create a landscape where we can continue to boost apprenticeship numbers. However, if we are going to do that, it is crucial to get the preparatory work right. That means a strong, solid system of careers advice for young people, to ensure not only that they are aware of the vocational opportunities available to them, but that they are given the skills to take them up. We support the principles behind the establishment of the all-age careers service, on which the Minister, while in opposition, and I, as a Back Bencher, agreed some time ago, as members of the all-party skills group. But the Ministers' noble aspirations have been undermined by the chaos and confusion arising from the Department for Education's arbitrary abolition of Connexions and the removal of a dedicated £200 million of support provision in schools. It is therefore not surprising that the president of the Institute of Career Guidance, Steve Higginbotham, went so far as to say:

> "In reality, the National Careers Service is an illusion, and not a very imaginatively branded one either, and is a clear misrepresentation with regard to careers services for young people."

A recent survey carried out by the Association of Colleges showed that only 7% of school pupils could name apprenticeships as a potential post-GCSE qualification. That illustrates the problem that still exists in some schools, in which the vocational route is not explained to pupils. Teachers and others need to have a much greater understanding of the role that apprenticeships can play in careers development and future job prospects. I fear, however, that the situation will not improve following the abolition of Connexions.

New initiatives such as the programme announced this week by the chief executive of the CBI to send mentors into schools to promote apprenticeships are to be welcomed. That announcement shows a welcome recognition that everyone needs to play their part, not just teachers. We must also ensure, however, that young people can afford to stay in education. Following the abolition of the education maintenance allowance, college enrolment data from the Association of Colleges show that numbers are down across the board. That has real implications, as many young people will miss out on the opportunity to gain the crucial pre-apprenticeship skills that they will need to take up a placement. If apprenticeships are to play an integral role, we must ensure that they are fit for purpose, and that they can match the expectations of the individuals who take up the placements with those of the employers who take those individuals on.

We need apprenticeship frameworks that allow progression for the individual; they must not just be there for their own sake. I know that the Minister shares that view, as it featured heavily in his "Skills for Sustainable Growth" document last year. Now, however, we need movement to match the aspiration. We need clear portability from apprenticeship frameworks, with qualifications that are pyramidal in shape, rather than horizontal. We need a process of continuous assessment and credit accumulation that builds up a broad competence, rather than just bite-sized chunks of training that do not add up to anything.

It is equally important, whatever the qualification route, that we do not force employers or apprentices into a false dichotomy between functional skills and skills for life. Enabling skills are important for gaining and keeping an apprenticeship, and subsequently a job, as well as a knowledge of specific skills. Both aspects need to be taken into account as we balance our skills needs in the years ahead.

We need clear, accessible pathways from higher-level apprenticeships into higher education. I want to point out that the choices relating to vocational and academic education should not be viewed as an either/or proposition. Perhaps the Minister should ask his colleague, the Minister for Universities and Science, the right hon. Member for Havant (Mr Willetts), to get UCAS to consider recognising apprenticeship qualifications as part of its tariff-points system. For too long, complacency about the status quo and some minor snobbery in a minority of universities have hampered not only access but the interchange between the academic and vocational worlds. I welcome what the Government have said about the higher apprenticeship fund and the way in which it will be taken forward, but the key question is how those qualifications will be recognised and integrated into higher education progression.

How will this culture shift of which the Minister is so proud be delivered? The national apprenticeships service, which we set up when we were in government, is clearly set to lead from the front, but will it have the resources to deliver the expansion that the Government are talking about? Recent parliamentary questions have shown that the organisation has lost just under 100 staff in the course of the past year, at the very time that it is being asked to lead the delivery of more and more apprenticeships and to oversee the additional initiatives that the Government are pushing out, including those announced today. My own inquiries have shown that regional directors are now finding themselves further stretched by having to cover multiple areas of the country as well as delivering all the new initiatives that the Government are launching.

The Skills Funding Agency is responsible for all post-19 provision, but, crucially, the Department for Education still controls 16-to-18 provision and is arguably not showing the same commitment to apprenticeships and vocational education as Ministers in the Department for Business, Innovation and Skills have done. The problem with all this, and with the Minister's dual role in the two Departments, is that it is sometimes hard to see who is leading whom.

We might also ask about the situation on the ground. Following the abolition of the regional development agencies, the Government have completely failed to link local and regional growth into their skills policies. That obviously includes apprenticeships. They have swept away the informal architecture that used to bring together the key players who were crucial to delivering apprenticeships locally, including further education, higher education and small and medium-sized enterprises.

[Mr Marsden]

I welcome what the Minister said today about the supply chain, but he merely echoed what we have been saying for more than a year. Why did a year have to be wasted before he came to the House to say these things? Why did we have to wait a year for the Minister of State, Department for Communities and Local Government, the right hon. Member for Tunbridge Wells (Greg Clark) to talk about the Government setting up a set of apprenticeship hubs in a number of city areas? The reason is that both Ministers were fettered by other Ministers, by the Chicago-based economists and by the people who think that they can deliver everything on the ground without any Government intervention, whom the Minister has on other occasions derided. Yes, it is good that the Government are looking at apprenticeship hubs, but who on the ground is going to deliver, arbitrate and energise demand? What about those outside the city regions? Are the second-tier towns, the seaside towns and the suburban and rural areas not entitled to an apprenticeship hub locally? We need those structures on the ground so that business demand can be recognised locally rather than being micro-managed from Whitehall, as happens now.

The situation is not helped by the cluttered environment that has developed in post-16 provision, with the creation of university technical colleges and the potential for free colleges and 16-to-19 academies alongside existing FE colleges. We can all see the results when apprenticeship schemes are run well; we have only to look at the demand for schemes run by BAE Systems, Jaguar Land Rover and Network Rail. I have also seen for myself the excellent work being done by British Gas to encourage more female apprentices, and the work done by the nuclear skills academy. All those schemes demonstrate the value of investing in training and skills for the long term—a point emphasised eloquently by my hon. Friend the Member for Streatham (Mr Umunna), the shadow Business Secretary, in his recent Bloomberg speech.

This brings us back to the age-old question: what is a good job? How do we match the fluid skills demands of the labour market with the life chances and skill sets of individuals? To boost apprenticeships, we will have to meet the challenge of winning over employers who are still sceptical about the some of the values that apprenticeships could bring. A recent British Chambers of Commerce skills survey showed that many employers were still not ready to engage with the programme. Only 20% of businesses surveyed across the board took on apprentices in 2010-11, with the figure set to drop to 15% in the coming year. The Federation of Small Businesses has rightly highlighted issues of complexity and red tape, which act as a deterrent to its members. So I welcome what the Minister has said today, although we shall have to wait to see the small print and to see how rapidly the proposals are put into practice.

I raised the problems of SME engagement in a debate in June, when I said that the Government needed urgently to consider tailoring apprenticeships better towards their needs. That means not just having financial incentives, which Ministers and others sometimes seem to think are enough, but structuring them to the daily cycle and the needs of SMEs' work. We need to improve the levels of engagement between large companies and middle-ranked companies—identified only last week as key by the CBI director, Mr Cridland. They can play a vital role in boosting apprenticeships via supply chains.

Undeniable pride and dignity surround apprenticeships. That is why so many hon. Members have been able to recruit support for individual initiatives in their area. It has been the same in my area, and this summer I met apprenticeship award winners at Blackpool and the Fylde college in my constituency. My local paper, the *Blackpool Gazette* ran a successful campaign to create 100 apprenticeships in 100 days. In these sorts of processes, however, making connections and having middle men can be key. I learned that by talking to my FE college and to apprentices and the SMEs with whom they had bonded.

The Government have re-announced today—this is about the third time—the £250 million scheme to allow employers to bid directly for the training budget, but they need to be careful that the human resources element is not lost in hastily thought-out schemes that do not have safeguards and risk deadweight while funding for learning providers and colleges, which are already voicing their concerns, is top-sliced.

This October WorldSkills hit London, and team UK won 12 medals. I was delighted when by lobbying the Government I was able to play a small part as chair of the all-party skills group in tandem with others in the group in helping to bring that event to the UK. Young people with apprenticeships shone out, including Rachel Cooke from Blackpool and the Fylde, a BAE employer in my area. I agree with what the Minister said about the value of that. Labour Members have agreed with it for many years. Although I did not regret the changes made in the 1990s to the Labour party's constitution in respect of clause IV, I did regret the removal of the words, to achieve

"for the workers by hand or by brain the full fruits of their industry"

because that embodied and continues to embody an important part of our tradition and our aspiration. I believe it is crucial that apprenticeships should have and deserve to have this respect—not least because some of the organisations that promote them, such as City and Guilds, which has been with us since 1878, have become a byword for attaining qualifications, rather like Hoover has become a byword for vacuum cleaners. Apprenticeships now span both traditional types of occupation such as stone masonry and thatching offered by the National Trust and the new schemes in the green industry and everything that goes with them. Harsh words have been said about some elements of the service sector in connection with some of the shorter-term apprenticeships, but we have to recognise that the sector will be key in delivering future economic prosperity.

We need to build a bridge of values between the old and new apprenticeships. We need a 21st century offer that combines an appreciation of the traditional strength of apprenticeships with what they can offer for young people, for retraining and for returning to work, particularly for the women of today. All the structural changes and genuine enthusiasm for apprenticeships will be for nothing if we appear to have promised too much from apprenticeships as a one-stop shop for all training and skills and as the silver bullet to solve all this Government's skills and employment problems. They will be for nothing if we allow the brand to be

contaminated by questionable providers or overstretched by branding all forms of training as apprenticeships. They will be for nothing, too, if we do not provide frameworks that offer the flexibility and progression opportunities for a 21st century economy—ones that are able to adjust to changing domestic and international demands.

The Minister did not find time this evening to talk about one issue that looms on the horizon—further education loans, which anyone aged 24 and above, but not the traditional 25-plus division, will be able to take up. Apprenticeships will be a large part of that number; perhaps as many as 100,000 people will be obliged to take up these loans after Government support is wound down. The time scale for the Government to make detailed decisions after consultation is very short, and this is already causing major problems with colleges across the sector, while business groups have raised the concern that the additional bureaucracy in administering these loans could disengage them from the process. A big bang approach to student loans in further education, including for thousands of apprenticeships, is one thing in a time of plenty, but in a time of scarcity, it is quite different.

When we were in office, we revitalised and re-energised the apprenticeship programme. We put in place procedures to ensure that Government contracts such as Building Schools for the Future would take on apprenticeships, and we saw completion rates rise dramatically to their current rate of over 70%. While the Government have sensibly built on much of that inheritance, there are new challenges that they have not yet understood or that have been hampered by silos, divisions in government and a reluctance to understand how Government can shape and enable markets, which includes skills and apprenticeships. Despite all the press statements and all the re-announcements and the conferences, the adult training budget has been significantly cut. The previous Government had put more than £700 million into funding Train to Gain, but that money has not been allocated to apprenticeships. In effect, the Government have not increased the overall budget for training apprenticeships.

Any Government—whether it be this Government or the next Labour Government—will need to build on a strong legacy from the past by working tirelessly to help expand access to the apprenticeship programme, by engaging with SMEs and helping them to overcome the barriers they face and by making apprenticeships offer a clear route of progression, as I have described. We also need to use the enormous power of Government, which includes creating thousands of new apprenticeship opportunities by incentivising companies to bid for Government contracts over a million-pound threshold to offer apprenticeship schemes.

Jane Ellison (Battersea) (Con): On that very point, I hope the shadow Minister will join me in congratulating the Mayor of London, who has indeed incentivised major contractors bidding for public projects by insisting that apprenticeships are part of the mix in their bid?

Mr Marsden: Given that I have talked about Scrooge and "A Christmas Carol", let me say that Dickens would have described the Mayor of London as a phenomenon—possibly an infant one, I do not know. What I would say about the Mayor is that his trajectory in following this Government's policies in a series of areas is rather interesting, but, secondly, I would say that we are delighted to welcome him to our big tent, as this is precisely what we have argued for a long time.

The Government have discarded the guidance we put in place to encourage this development, so what we want to know is whether the Minister will listen to the broad range of groups supporting this change. Will he go back to those churlish officials who keep putting problems in his way, and will he support the private Member's Bill proposed by my hon. Friend the Member for Newcastle upon Tyne North (Catherine McKinnell) when it returns to the House next month? These are crucial issues. While he is at it, will the Minister discourage rather more churlish people such as the Minister for Housing and Local Government for describing apprenticeship requirements linked to public contracts as "ridiculous" and "counter-productive"?

The Government have had to face problems connected with further education loans, queries about ESOL—English for speakers of other languages—funding, active benefit restrictions and so forth. All that tells me is that we need to revisit the elephant in the room, which is how we develop a funding system that weighs properly and incentivises the contributions from the state, employers and individuals. That is a matter that Labour Members take very seriously, so we shall be looking at it in great detail in our policy review.

As we move forward, the world of work will no doubt continue to be epitomised by the rapid change we have seen in the last 10 to 15 years; moves towards hi-tech industries and demand for high-quality niche products will still be valid. Apprenticeships will have to adapt to the challenge of providing skills for jobs that do not yet exist. Apprenticeships will have to respond to the growing wish for people to buy experiences as well as products—hence my comments about the service sector—and that will have implications for the manufacturing-service balance. Our apprenticeship structure must be robust enough to support that evolution. Apprenticeships will also have a key role in the

"partnership between productive business and active government"

to which the shadow Business Secretary, my hon. Friend the Member for Streatham (Mr Umunna), referred recently.

Opposition Members, many of whose parents, grandparents and other antecedents were apprentices, fully intend to play their part in that process. We will continue to support the Government while they build on our achievements in a sensible fashion, but we will also continue to question them about the devil in the detail—always along the lines of "progression, progression, progression". We shall be glad to have made a contribution to their learning curve.

7.20 pm

Stephen McPartland (Stevenage) (Con): It is a pleasure to follow the Minister and the shadow Minister, and I am grateful to you, Madam Deputy Speaker, for calling me so early in the debate.

It is great news that the number of apprentices in Stevenage has risen by 73% over the last year, from 380 to 650. Those numbers are important, because they relate not just to training schemes but to apprenticeships that will lead to real jobs. I know that the Minister, like

[Stephen McPartland]

me, attended the WorldSkills event, in which 13 of our young people won medals. That showed that they were hungry for learning and achievement. We need to reduce the gap between skills and education to make it easier for employers to take on such young people. I supported the clause in the Bill that became the Education Act 2011 that increased the requirement to level 2—the equivalent of a GCSE A to C grade in maths and English—because it enables our young people to acquire the numeracy and literacy that will help them to gain real jobs at the end of their apprenticeships.

There has been some discussion about the quality of apprenticeships. My constituency contains a couple of manufacturing firms: MBDA, which builds complex weapons systems, and Astrium, which builds 25% of the world's telecommunications satellites. Their boards are run by people who were apprentices 20 or 25 years ago, and they offer massive apprenticeship opportunities. MBDA recently won an award for being one of the best apprenticeship organisations in the country. The companies take on students aged 16 or 18, give them real jobs, and support their development and acquisition of skills. They even pay for their degrees so that they can make progress. I wonder whether the Minister would be prepared to meet representatives of one of those companies to discuss level 5 apprenticeships.

Mr Hayes: I should be delighted to do so.

Stephen McPartland: I thank the Minister.

My constituency also contains a couple of accountancy firms that are taking on 18-year-olds and training them to become accountants. They are not providing old-fashioned apprenticeships—jobs to keep young people going for six to 12 months—but are investing in their careers. Stevenage is in Hertfordshire, and is close to London. It takes 25 minutes to travel to King's Cross on a fast train in the mornings, although it takes much longer in the evenings. The companies want young people because they become committed to them and stay for 20 or 25 years. They become partners in the accountancy firms, and become board members of the large multinational companies.

The Minister came to Stevenage and kindly opened the first welding skills college. It is the result of a fusion between North Hertfordshire college and Weldability Sif, whose inspirational founder is Adrian Hawkins. We are trying to develop a network of such colleges throughout the United Kingdom, which is short of 30,000 welders. The average age of a welder is over 55, and welders in the midlands are now being paid more than £100,000 a year. Welding gives people fantastic career opportunities. *[Interruption.]* Some of my hon. Friends are suggesting, from sedentary positions, that many of us should have gone into welding when we were younger.

Mr Iain McKenzie (Inverclyde) (Lab): There used to be an abundance of welders on the Clyde, in the area I represent, but there is no longer an abundance of them on the Clyde or, indeed, anywhere else in the country. Is that not because a Conservative Government ripped the heart out of the shipbuilding industry on the Clyde, and caused the loss of many welding apprenticeships?

Stephen McPartland: That is an interesting point. As is clear from my accent, I do not have much knowledge of the Clyde, but I believe that more than 1 million manufacturing jobs were lost under the last Government.

The quality of apprenticeships depends on the quality of the colleges that provide the training. North Hertfordshire college has an inspirational leader, Fintan Donohue, who has been working very hard. I am grateful to the Department for Education for providing it with a studio school last week, one of 12 in the United Kingdom, which will focus on science and technology. That brings me back to MBDA and Astrium, whose apprentices specialise in those subjects. The headquarters of the Institution of Engineering Technology are in Stevenage, and it is very involved in the provision of engineering qualifications. We need more young apprentices gaining skills that will make firms want to employ them in real jobs.

Damian Collins (Folkestone and Hythe) (Con): Does my hon. Friend think that there is a role for local government? Shepway district council in my constituency runs a brokerage service enabling businesses with an interest in apprentices to contact the appropriate training providers.

Stephen McPartland: I think that there is a role for everyone to take on as many apprentices as possible. Some young people are interested in academic careers, while others prefer to pursue a more hands-on route. My view is simple. I believe that all that young people really want is a job. They want a route map: they want to be told "If you take this path, you will find a job at the end of it." The Minister has done a huge amount of work in that regard, both in opposition and in his present post. He has kindly given me one "yes" already, but I wonder whether he would be consider fully funding, for two years, the cost of apprenticeship training for people between 19 and 24. At present only 50% of the cost is funded, and full funding could greatly help NEETs—people who are not in education, employment or training.

Let me end with a quotation from the deputy principal of North Hertfordshire college, Signe Sutherland.

> "The changes to the single adult budget have been excellent and we have managed to grow apprenticeships by 300% I the last 12 months. This equates to... an increase of apprenticeships in numbers 500 to 2,000 so with perseverance there are jobs are there".

That is important news. The college is based in Stevenage, but it does a huge amount of work throughout Hertfordshire. I think it is integral to the apprenticeship offer that we focus on the simple fact that what is important is giving young people the skills that they need to obtain jobs.

7.28 pm

Paul Blomfield (Sheffield Central) (Lab): I welcome the Minister's commitment to a spirit of bipartisanship in the debate, but I hope he will forgive me if I depart from it for a moment. Like my hon. Friend the Member for Inverclyde (Mr McKenzie), I represent a city that was deeply scarred by the last Conservative Government's assault on manufacturing industry in the 1980s. Thirty years on, we in Sheffield live with the legacy of the policies of that time.

Andrew Griffiths: Does the hon. Gentleman agree that it is shocking that manufacturing declined faster under the last Government than it did under the Government of Mrs Thatcher?

Paul Blomfield: I invite the hon. Gentleman to come to Sheffield to see the real consequences of Mrs Thatcher's policy on steel and engineering in our city. Some 30 years on, we in Sheffield still live with the legacy of those policies: a lost generation who never made it into regular work and the social consequences of intergenerational unemployment. In the steel and engineering industries, apprenticeships were the route to highly skilled and well-regarded jobs that provided both a learning experience gained from respected role models in the workplace and experience of the discipline of working and of working as part of a team.

To revert to the spirit of bipartisanship, I am pleased that the Minister recognised the role the last Government played in restoring apprenticeships. As my hon. Friend the Member for Liverpool, Walton (Steve Rotheram) pointed out, apprenticeship starts more than quadrupled between 1996-97 and 2009-10. I am deeply worried, however, that with youth unemployment now at more than 1 million, as in the 1980s, we again face the risk of there being a lost generation.

The Minister is an honourable man who is deeply committed to skills and apprenticeships, and he must therefore share our frustration that behind the Government's rhetoric is a sorry picture in respect of apprenticeships. There is concern about the age profile of apprenticeships nationally, and that is certainly felt in my constituency. In 2010-11, just 150 people under the age of 19 started an apprenticeship, as against 200 people aged between 19 and 24 and 250 people aged 25 and over. Compared with the previous year, there has been a 27% decline in the number of apprenticeship starts for those under 19, as against an increase of 17% for those aged between 19 and 24 and a 313% increase for those over 25. In June, even the head of the Government's apprenticeship service, Simon Waugh, had to admit that

"there is still a chronic lack of apprenticeship places for interested school and college leavers".

Many people were shocked to discover that the growth in new apprenticeships under this Government has come in the 25-plus category. Astonishingly, the number of apprenticeships taken up by those aged over 60 increased tenfold between 2009-10 and 2010-11. What is the reason for that trend? There is concern that since the abolition of many of the training courses delivered under Train to Gain, there has been a rebranding of in-house training as apprenticeships. The Minister must address that issue.

I think the Minister will agree with me about the number of apprenticeships in small businesses. Only 8% of small businesses had taken on an apprentice in the past year according to a Federation of Small Businesses skills report in June. In October, the British Chambers of Commerce found that 53.7% of its members who were surveyed thought an apprenticeship was not relevant to their business or sector. The FSB backs that up in its report, saying that 46% of businesses did not think an apprentice was suitable for their business. That proportion increases to 60% for sole proprietors and 47% for micro-businesses. That perception must be challenged, because apprenticeships can play a valuable role in all sectors both in the workplace and in terms of gaining valuable skills.

I have been working on that issue with the British Chambers of Commerce, and that work has been reflected in early-day motion 2469, which has support on both sides of the House. It states that

"greater priority needs to be given to increasing the number of apprentices across the UK to provide essential career opportunities for young people".

About 20% of small businesses cited each of the following three factors as major reasons for not taking on an apprentice: training time and general time constraints, costs, and the young people involved having no previous experience. The Government must consider how they might give better support to small businesses by disseminating information better to break down these perceptions and by providing the practical assistance that SMEs need.

Damian Collins: I do not wish to plug my district council in Shepway again, but it has developed a service to local businesses who may want to share an apprentice rather than take one on full time, and that service addresses how the council might help with some of the transport costs as well. Good local creative thinking may help to solve some of the problems the hon. Gentleman is setting out.

Paul Blomfield: I welcome such initiatives, while also recognising that many local authorities—such as mine in Sheffield, which is facing a 30% cut in funding over a four-year period—will have difficulty finding the money to launch such new initiatives. Assistance of that sort does need to be provided, however, and the Government might try to identify funds to support local authorities in taking initiatives such as that in Shepway.

We can also do more in our constituencies to work with small businesses, and I applaud the efforts of the hon. Member for Harlow (Robert Halfon) and other Members on both sides of the House in setting up the Parliamentary Academy. As employers, we are not dissimilar to SMEs. Our offices operate as micro-businesses, and we are busy, money is tight and we might never have taken on an apprentice before. I was pleased to take on an apprentice even before the Minister invited us to do so. A young woman called Rebecca is working in my office as an apprentice secretary, in partnership with Sheffield college. At the end of the year she will gain a level 2 BTEC in business and administration, by spending one day a week in the college and four days a week in my office, with regular visits from the work-based learning assessor. She will come out of the scheme with skills and experience enabling her to get a job, and she will have assisted the work of my office over this year. There is a lesson in that for all small businesses. I encourage other MPs to take a lead on this issue by employing apprentices.

I hope the Minister will also recognise that there is much more that we can do collectively and that his Government can do to advance the cause of apprenticeships. I hope he will respond in his closing remarks to the comments of the shadow Minister, my hon. Friend the Member for Blackpool South (Mr Marsden), about the powerful role the Government can play in public procurement. It is unfortunate that this Government have backed away from some of the initiatives Labour took when we were in power, and I hope the Minister will recognise the opportunities that exist to use the role of government locally and nationally as consumer in order to bind companies to take on more apprentices.

7.36 pm

Lorely Burt (Solihull) (LD): Apprenticeships are one of the key tools we as a Government have at our disposal both to tackle youth unemployment and to skill our young people to serve the needs of industry both today and in the future, when there will be increasing demand and the country will need to be able to achieve the growth we all desire. I do not intend to ruin the positive ambience we are fostering with the Opposition this evening, but I must say that the last Government concentrated on higher education, sometimes at the expense of apprenticeships. That is not to say that higher education is not important; it is hugely important, but it is not all-important. The last Government did increase the number of apprenticeships, but it was by an average of 13,000 a year over eight years, whereas this coalition Government have raised it by 160,000 over one year alone.

I do not want to talk about the past, however. The past is past and today we face a new series of challenges. I therefore want to talk about what those challenges are, what the coalition Government are doing already, and what else we might do to develop this success story even more.

We do have a good story to tell. Provisional data for the full 2010-11 academic year show that apprentice starts increased by over 50%, to 442,700, with increases at all levels and stages, contrary to the assertions of the hon. Member for Sheffield Central (Paul Blomfield). There has also been a strong increase in completions, to 181,700. That is mirrored in my constituency of Solihull, where the increase is 53%.

We want the figures to rise even further and faster, but to achieve that we must identify the obstacles preventing employers from recruiting more apprentices. Red tape is a culprit, and I would give special prominence to health and safety red tape. Clearly, we cannot put young people at risk, but from this January employers and trainers will no longer have to comply with the additional health and safety requirements imposed by the Skills Funding Agency. Employers will have to comply only with the Health and Safety Executive's requirements as set out in "Health and safety made simple"—if that is not a contradiction in terms.

Small businesses are obviously a key area that we need to target, as several hon. Members have said. The Federation of Small Businesses reports that only 8% of businesses surveyed had taken on apprentices last year but 28% said that they would do so if there were a wage subsidy. The FSB very much welcomes the incentive payment recently announced and says that

"initiatives like this will help the smallest of firms to take on young people."

Mr Robin Walker (Worcester) (Con): Would the hon. Lady recommend the initiative taken by Worcester city council? A small subsidy can, in some cases, make a big difference, so it is providing £500 to small businesses that take on their first apprentice.

Lorely Burt: I would definitely commend the hon. Gentleman's local city council.

I also suggest that the payment of £1,500 should be available to as wide a range of businesses as possible. I would welcome greater clarity on how the money will be targeted and what the eligibility criteria will be. I would be grateful if the Minister elaborated on that in his remarks, particularly given that the FSB wishes to take advantage of this as quickly as possible. For small businesses that may not have the time and wherewithal to organise courses for their apprentices, the FSB would like the use of apprenticeship training agencies and group training associations to be expanded. The ATAs would employ the apprentice and lift the administrative burden for the small business, while GTAs enable employers to come together to offer the right training to meet their needs.

Other barriers that the Government should be addressing are outlined by the United Kingdom Electronics Alliance. It talks about schools and universities

"releasing students onto the jobs market without key life skills such as communication, practical problem solving, work ethic and an understanding of manufacturing and the role it plays in the economy."

We are back to the "oily rag syndrome" of ignorance, where many young people have little idea of what manufacturing really is; a key area that we need to address is how to give kids an understanding of what exciting futures are out there, and these futures involve ingenuity, creativity, imaginative design, great job satisfaction and good money. We have to link schools up with companies while kids are at a formative stage, to open their eyes to the possibilities of what is out there and crying out for their skills and aptitudes. When these young people have a realistic idea of what the world of work is like, they will focus on the skills that the UKEA talks about.

The coalition Government are also doing some good things for higher apprenticeships. The higher apprenticeship fund will support the development of up to 25,000 new higher apprenticeships at levels 4 and 5, which compares with a figure of just 200 in 2008-09. The shadow Minister talks about achieving by hand or by brain, but surely the pinnacle of achievement in manufacturing comes about by hand and by brain.

The UKEA also suggested that a tax credit would "de-risk" the decision for companies willing to set up apprenticeship schemes and that we could introduce the idea of leaving money on the table if a company does not invest—this is a push-pull strategy. I would be interested to hear the Minister's views about using tax credits in that way. I could say more, Madam Deputy Speaker, but other colleagues wish to speak. Of course we need to do more, but we have made a pretty reasonable start.

7.43 pm

Mr Adrian Bailey (West Bromwich West) (Lab/Co-op): In opening the debate, the Minister said that he has put apprenticeships at the heart of this Government's policy, and I welcome that. Nobody would in any way decry the commitment to and passion for this issue. However, when someone makes such a bold assertion, they have to produce statistics to demonstrate that the Government are succeeding, and that is at the heart of the Government's problem on this issue. The statistics may demonstrate a big increase in the number of apprenticeships, but if we drill down and look at what is behind the statistics, we find that it does not necessarily indicate a commensurate increase in skills or value for money. Comments have already been made about the huge increase in the number

of post-24 apprenticeships and some of the poor-quality provision for 16 to 18-year-olds. I commend the Minister for his comments about trying to improve the quality of provision, but they are a tacit admission by the Government that their policies so far are not actually delivering what they are intended to deliver.

Talk about apprenticeships is good rhetoric, as it chimes with the Government's assertion that we need to rebalance the economy, and it provides a justification for pointing out an alternative educational route for those denied access to higher education—that denial is what the Government's higher education policies are likely to produce. Clearly what is available is not actually going to deliver the agenda that individuals need and the economy needs.

I must pose a rhetorical question: what actually comprises an apprenticeship? We can debate the definition, but this contains certain key elements. It must be a work-based course to improve skills and employability, and it should be undertaken over a sufficient period to be meaningful. At the end of the course, the apprentice should qualify for a position superior to the one that he or she had when they started the apprenticeship, either in the same company or another. The level of employment post-apprenticeship should be a measurement of the success of the apprenticeship. Most importantly, the individual who has undertaken the apprenticeship must believe that they have enhanced their skills as a result. Unfortunately, the evidence so far is that a great number who have taken the current apprenticeships do not feel that way and have not had opportunities open to them as a result.

I have evidence to suggest that young people recruited for 12-week apprenticeships have ended up doing only five weeks, with a significant element of that time taken up with stuffing envelopes. The Government have paid for that as an apprenticeship course, which poses serious questions about the value for money that we are getting, the experience that we are offering to young people and the damage to the apprenticeship brand that could arise from it.

John Glen (Salisbury) (Con): I have been listening carefully to the hon. Gentleman's remarks. He seemed to suggest that the previous Government's university access policy was delivering something superior and he seems to be denigrating the status of apprenticeships. Is not half the problem that people talk down apprenticeships, which denigrates their status—that status is very important in encouraging people to take up apprenticeships in place of going to university—and delivers an outcome that is no better?

Mr Bailey: I am glad the hon. Gentleman made that intervention, because it allows me to point out that under the previous Labour Government there was a huge increase in the number of people going to university, including a fourfold increase in the number going from my constituency, and there was also a fourfold increase in the number taking apprenticeships. By and large, we find that those apprenticeships were far superior to the those being classified as "apprenticeships" under this Government. As has been said on a number of occasions, the huge number of apprenticeships for over-24s is just a rebranding of the Train to Gain programme. They would not have been included in the previous Government's statistics on apprenticeships, so to compare one with the other is not to compare like with like. I believe that in the retail sector more than 70% of those who get an apprenticeship level 2 qualification are in existing employment, so does that really meet the test of improved professional qualifications and employability? I doubt it.

Mr Hayes: The hon. Gentleman is the Chairman of the Select Committee and I know that he would not want to present a parody of what is happening. We are determined to deliver quality, but I cannot imagine that he is saying that apprenticeships should not be a vehicle for retraining and upskilling and improving the prospects for existing workers. If he was saying that, it would be an extraordinary claim.

Mr Bailey: I was not going to make that claim. In fact, the Minister raises an important point. I would not in any way decry the upskilling of existing workers, and Train to Gain was very successful in doing that, but whether we want to call it "apprenticeships" is debateable. Perhaps we do, perhaps we do not, but statistics cannot be traded with the previous Government's apprenticeship statistics when such people were not included in them. That is my essential point. I am not decrying in any way the benefits of in-work training, but there is a genuine issue with measuring the enhanced employability of people who have undergone that training and the amount of money invested in it.

Let me consider the Government's approach to the education maintenance allowance. One reason for scrapping it was the alleged deadweight cost of the fact that many young people would have taken courses irrespective of whether that allowance had been paid. The same sort of detailed scrutiny must take place of some of the post-24 training to ensure that we are not spending a vast sum of money—there is a lot of money involved—on providing people with training that they would have had anyway. A secondary issue is the fact that if we can retain the level of skills enhancement we have already and refocus some of the money that would be spent on it on other areas, we might well be able to enhance other apprenticeship provision in other areas, which is equally important.

I could go on for a very long time about this—*[Interruption.]* But not today. My Committee will carry out a detailed inquiry, but I conclude by saying that we should get away from the rhetoric of apprenticeships and talk about general skills. There are a range of skill packages for different groups of different ages and different skill levels and we must ensure that they are supported rather than talk all the time about apprenticeships—

Madam Deputy Speaker (Dawn Primarolo): Order.

7.52 pm

Nigel Adams (Selby and Ainsty) (Con): It is a pleasure to follow the hon. Member for West Bromwich West (Mr Bailey), and I shall try to keep the rhetoric to a minimum if I can. It is also a pleasure to speak in the debate.

Apprenticeships are the most ancient form of vocational training. In this country, they predate degrees and their formal existence dates from the middle ages. In places such as China, apprenticeships have been around for

[Nigel Adams]

1,000 years. Hon. Members will all be aware that Confucius explained why apprenticeships worked by saying, "I hear and I forget, I see and I remember, I do and I understand".

Last Friday evening, I had the good fortune to be invited to Selby abbey to present the annual Selby college awards. As the Minister will know, Selby college is an outstanding further education college in my constituency and I was thrilled to present awards to several apprentices who had excelled in their fields and who are now looking forward to embarking on their careers. The college plans rapidly to expand its apprenticeship scheme numbers in the forthcoming year, with ambitious plans to increase the programme by 300% by working closely with local and regional employers to help to train people with the skills they will need to join the working world. As well as making that commendable progress, the college is in touch with university partners to expand the range of degree programmes that students can take there.

Today, thousands of young people are benefiting from the excellent start to their working life that an apprenticeship can offer, but apprenticeships are open not only to the young. Hon. and right hon. Members might have seen reports in the media about current apprentices in their 60s and 70s, and a recent forecast published by the Government shows a large increase in the number of adult apprenticeships over the course of this Parliament. That offers hope for all of us who might be thrown out of this place in the future.

With Christmas spirit and a sense of fair play, I acknowledge that there is agreement on both sides of the House that apprenticeship training must be central to any Government's approach to skills. I will go further and acknowledge that one of the achievements of the previous Administration was to bring about a significant expansion of the number of apprentices in training. I am delighted, however, that the coalition Government have taken apprenticeships to a new level, as cemented in the coalition agreement, which stated that the Government

"will seek ways to support the creation of apprenticeships, internships, work pairings, and college and workplace training places as part of our wider programme to get Britain working."

This Conservative-led Government have more than fulfilled that promise and continue to do so with an extra 53,000 apprenticeship starts recorded during 2010-11.

We have seen a 54% increase in apprenticeship starts in 2010-11 compared with the figures for 2009-10, under the previous Government. Those figures could not be clearer. This has been a record year for apprenticeships, with the greatest proportional growth at level 3, the equivalent of A-level. The task now must surely be for the Government to continue to increase the number and range of apprenticeships on offer while, most importantly, improving their quality. I support the Government's announcements on improving the quality of apprenticeships, particularly now that English and maths up to the standard of a good GCSE—level 2—will be available for all apprentices.

Madam Deputy Speaker, there is a great song—I am sorry, Mr Deputy Speaker. I had not realised that you had taken Madam Deputy Speaker's place. There is a great song by an artist I have had the good fortune to have seen live, called Seasick Steve, which goes, "I started out with nothing and still have most of it left". If we are to avoid that rather gloomy outcome, we must continue to improve the quality of apprenticeships.

In my constituency, Doosan Power Systems, a company that works in the energy sector, has had a successful apprenticeship programme in place for more than 40 years and employs 92 apprentices across the years between 16 and 18, with hopes of bringing in a further 62 next year. In Selby and Ainsty, we have seen an increase in apprenticeship numbers of 67% over the past year, from 510 to 850, and I hope that that figure continues to increase, with companies such as Doosan taking on more and more apprentices with the help and support of the Government.

James Wharton (Stockton South) (Con): May I take this opportunity to observe that in the north-east we have seen a rise from 535 to 860 engineering apprenticeships in the past year? Is it not the case that the sort of apprenticeships my hon. Friend is talking about and which the Minister is doing so much to deliver will provide the jobs and growth for the future that we so desperately need in our region?

Nigel Adams: My hon. Friend is absolutely correct. It is important that we have quality apprenticeships to ensure that they lead to proper jobs. I commend my hon. Friend; I am sure his input has gone a long way towards insuring that increase in apprenticeship numbers over the past year.

Further support can be offered through an increase in the funding support for apprentice work placements to cover non-productive employer costs such as travel, accommodation and supervision. I have spoken to employers in my constituency and found that another area where it is widely felt that greater Government support is necessary—I put this to the Minister—is in the current 50% reduction in funding for apprentices over the age of 18, an issue raised earlier by my hon. Friend the Member for Stevenage (Stephen McPartland). Many firms and establishments do not allow workers under the age of 18 to enter their sites owing to the perceived high-risk nature of the work, which in turn limits the age of apprentices that companies will take on. If the age were raised to 19 before the drop in funding, it would encourage more employers to take on younger apprentices without the risk of not being able to utilise their skills fully on site.

An advanced economy needs people with advanced skills in order to grow, and we need to use all our talents. I am assured that this Government are committed to driving up the skill levels of the work force. Apprenticeships already make a tremendous contribution to society, but this Government intend and need to go further. The Government should ensure that apprenticeships are improved and expanded so that more individuals and businesses can benefit from the opportunities that they offer.

8 pm

Nic Dakin (Scunthorpe) (Lab): As we have heard, there is substantial consensus across the House that apprenticeships are a good thing. Both the previous Government and the present Government have supported and invested in the growth in apprenticeship numbers.

Both the current Skills Minister and the shadow Skills Minister have excellent track records championing apprenticeships inside and outside Government. Many MPs are, like myself, employing apprentices, a practical, positive way of showing commitment to the apprenticeship route into employment.

Across the country there are excellent examples of first-class delivery of apprenticeship programmes. Two examples from my own constituency demonstrate how flexible the apprenticeship model is for apprentices and for businesses. North Lindsey college provides a wide range of excellent apprenticeship opportunities in partnership with a range of local companies. Humberside Engineering Training Association—HETA—whose general manager, Eric Collis, gave compelling evidence to the Education Committee, provides a range of high-quality apprenticeships in partnership with companies such as Tata Steel. It is a tribute to the quality of Tata Steel apprenticeships that they are heavily oversubscribed year on year. It is a tribute to Tata's commitment to the development of its future work force that it is committed to maintaining its apprenticeship numbers even while it navigates the choppy waters that the steel industry currently faces worldwide.

So the apprenticeship brand is a strong one. Labour breathed fresh life into apprenticeships after they had been somewhat neglected. The number of apprenticeships rose from 65,000 in 1996-97 to 279,000 in 2009-10. The dedicated National Apprenticeship Service was set up to promote and expand apprenticeships. To their credit, the Government have built on this. However, most people think of apprenticeships as long courses focused on practical skills for young people.

Apprenticeships are now being supplied for a much wider range of skills and ages than previously, and vary in length. This is not necessarily a bad thing, but care needs to be taken with the branding, and vigilance should be maintained to ensure that apprenticeships are always used appropriately. We have heard some exchanges about that in the debate today. Vigilance needs to be maintained so that apprenticeships remain rigorous and of quality.

Most of the growth in apprenticeship numbers since the election has been in the 25-plus age group, and much of this has been achieved by the re-badging of Train to Gain numbers, so we need to be careful. With the rise in youth unemployment to record levels, it is important that renewed effort is put into building the number of apprenticeships for those under 25.

Mr Hayes: The hon. Gentleman is right to say that most of the growth has been in that area and he is right to attribute that to the changing shape of apprenticeships. We are using them as the principal vehicle to upskill and reskill the existing work force, as well as the traditional route into employment through the acquisition of practical competences, but I know that he will want to acknowledge that the two-year change in young apprenticeships for people aged under 19 is around 28% or 29%, and that the biggest proportionate growth is at level 3, rather belying the argument that this is all about low level skills for older people.

Nic Dakin: I thank the Minister for his intervention. He is right to say that where there is success it needs to be celebrated. That must be built on. He is also right to recognise the diversity of the apprenticeship model, but everybody in the House is right to emphasise the importance of rigour and quality as we move forward. There is agreement across the House on these issues, but when qualifications change, it is a tricky time and must be managed carefully. I am sure that with his track record, the Minister will be doing his level best to ensure that that is the case.

We do not wish to see another lost generation. That is the risk because of the economic challenges that the country faces. One way of addressing the issue would be to boost under-25 apprenticeships by smart public procurement. We have heard that discussed this afternoon. But there are other ways of addressing the challenge. In his opening speech the Minister drew attention to certain barriers to the supply of apprenticeships, which he hopes to release to allow a greater supply.

The Federation of Master Builders notes that there has been a sharp decline in construction apprenticeships as a result of the economic challenges confronting the construction industry. It states in its report:

> "Apprenticeships are so successful because they are employer led and the qualifications on offer are designed to equip the learner with the skills required by the industry. Employers are at the very heart of apprenticeships and so, in order to really make a difference, politicians must continue to make the businesses' case for hiring an apprentice. This includes the continuation, or even expansion, of the apprenticeship incentive payment."

As the shadow Minister, my hon. Friend the Member for Blackpool South (Mr Marsden), said, a discussion is needed about how to balance the costs and the incentives between the student, the employer and the state as we move forward.

Finally, I shall touch on information, advice and guidance, which is tricky at present. I know the Minister is concerned about that. Research by the Edge Foundation showed that most people know a lot more about academic qualifications than they do about apprenticeships. The emphasis in the school curriculum on the English baccalaureate risks distorting choices and aspirations. Young people must be given better information about apprenticeships in order to make informed decisions. This should include opportunities to meet current apprentices and visit colleges, training providers and employers, starting before they make subject choices at 14.

Better information is needed about the paths that apprentices can take once they have finished their apprenticeships. It is not well known that apprentices can progress to higher education, or that many are promoted to supervisory and management positions soon after completing their training. Edge's 2009 survey of teachers revealed that more than half—56%—of the secondary school teachers surveyed rated their knowledge of apprenticeships as poor. We need to take action on information, advice and guidance. We need to be rigorous about quality as we move forward, and we need to look at the package of incentives available to stimulate the further progression of apprenticeships.

8.7 pm

Chris Kelly (Dudley South) (Con): I should start by declaring an interest as a non-executive director of my family's business, which has a long-established apprenticeship scheme.

[Chris Kelly]

Apprenticeships are a shining success in the first year and a half of the coalition Government. The figures paint a hugely pleasing picture, with the number of new apprenticeship starts in my constituency of Dudley South sharply up, as in most other parts of the country. In 2009-10 the number of new apprenticeship starts in Dudley South was 550, and in 2010-11 that number has grown to 910. That is a two thirds increase compared to 2009-10 and, more importantly, 360 more young people have been given access to the life-changing opportunities that an apprenticeship and skills for life provide.

Give a man a fish and you feed him for a day. Teach a man to fish and you feed him for a lifetime, so I would like to use this opportunity to thank all the employers in my constituency who have taken on apprentices, and especially those who have taken on apprentices for the first time recently. As the son of an apprentice, I make a commitment that any business in Dudley South employing apprentices that makes contact with me wanting a visit from their local Member of Parliament will get one, as I think it is absolutely right to celebrate the best in business.

I would like to make a special mention of the National Apprenticeship Service website, apprenticeships.org.uk. It has been re-developed and is now easier to use for both employers and apprenticeship candidates, so I congratulate the Minister on his Department's effective use of communications technology. It is good to see the roll of honour there, giving deserved recognition to those businesses that are playing their part in training and developing our future work force.

Things are certainly heading in the right direction. In the academic year 2010-11, 442,700 people started apprenticeships—as the Minister has mentioned, a 58% increase on the number who started in the previous year. Much of this increase is due to more people aged 25 and over starting apprenticeships. The majority of people starting apprenticeships chose frameworks in the service sectors, such as business administration and retail, and a majority of apprenticeship starters were, for the first time ever, female. So apprenticeships are not just for school leavers, and are not just for the traditional industries, such as metal bashing, for which the black country is famous, but also for the service sector. This is particularly relevant to the Dudley borough, where Stourbridge college's hospitality and retail academy is sponsored by Westfield, owners and operators of the Merry Hill shopping centre in Brierley Hill in my constituency.

The early figures are encouraging, but my right hon. and hon. Friends on the Front Bench are not complacent, and that is why the Government have introduced incentives to support up to 40,000 young apprentices in 2012-13. The Government will offer an incentive payment of up to £1,500 to small businesses, the final payment of which, quite rightly, will not be made until the apprenticeship has been completed and the apprentice has progressed to sustainable employment.

I recognise that money is tight at the moment, but will the Minister see what more he might be able to do on this incentive payment? For every £250 increment in the payment, there will be a huge increase in the number of employers willing to take on an additional or new apprentice. Further, will the Minister ask his Department to undertake some research, if it has not already done so, on the effects on take-up of increasing that payment offer to £1,750 or £2,000?

The British Chambers of Commerce published a recent report on apprenticeships that found that time, cost and inexperience were barriers to taking on apprentices. It also found that a fifth of firms with fewer than 10 employees, and also a fifth of those with between 10 and 50 employees, recruited an apprentice from 2010-11. That rose to over a third of companies with 100 to 249 employees, and to over a half of all companies with more than 250 employees.

The £1,500 maximum payment will clearly be important in incentivising small and micro businesses to take on apprentices, but the BCC is right also to identify time and inexperience as barriers. That is why I am pleased that the Government have responded by reducing red tape, ensuring that employers are able to advertise a vacancy within one month of deciding to take on an apprentice and have them ready to start work within three months, and removing all excess health and safety requirements for apprenticeships. In the new year, the Government will be enabling businesses to design, develop and purchase the apprenticeship and other training programmes that they need through a £250 million pilot fund.

In 2009, 30% of large employers with over 500 staff offered apprenticeships while only 5% of small businesses with two to four employees did so. This is precisely where we need to see the next increase in take-up coming from. Small and medium-sized enterprises account for almost half of the private sector in the UK, yet just 2% of small businesses employed apprentices in 2009. I generally do not like bandying statistics around, but that truly is a damning one. So this Government's incentive payment to employers, along with the £250 million pilot fund and proposals to slash red tape, will clearly help to address this past failure. Like Dr Adam Marshall, director of policy at the BCC, I commend the Government for

"offering real help to firms and apprentices alike".

One of those small business that I have talked to is in my constituency of Dudley South and it recently hosted me for a visit. The business, Generic Punching Systems in Netherton, has been helped by this Government to take on two apprentices. It is a family business with the managing director's son and daughter working alongside their father in production and accounting roles. The other two employees are new apprentices. I commend GPS for investing in the future by taking on and training up new apprentices. My only concern however is that the managing director told me that he had not found it possible to employ apprentices through the local college system, and that is something that we need to be mindful of. Instead he uses his personal network within the area to identify willing and able candidates to be interviewed for apprenticeships. I commend the Government for their work thus far.

8.13 pm

Steve Rotheram (Liverpool, Walton) (Lab): I welcome tonight's debate on this very important instrument in tackling unemployment in Britain today, which promotes a highly trained, suitably qualified, sustainable work force. I think that I am one of the few parliamentarians

who has been an apprentice. I was a brickie and I learned my trade through an indenture route. Many years later, I became a vocational training instructor. In addition, I have worked for the Learning and Skills Council and its predecessor organisation, and was responsible for delivering construction training in the Merseyside sub-region. Therefore, I have some limited understanding of the issue.

In modern times, many traditional occupational areas are still three-year, and in some cases four-year, apprenticeships, and are still seen as being a detailed introduction to a trade: a valuable period of on and off the job training to industry recognised standards. Apprenticeships should not be 16-week test drives, as some are today. This will result only in damage to the brand.

I must confess that I feel that some right hon. and hon. Members' interpretation of apprenticeships is slightly different from mine. For me, some employers are still confused about the precise definition of an apprenticeship. I welcome the Minister's comments tonight about ensuring that quality does not suffer through quantity.

Thanks to the cuts in career services such as Connexions, many youngsters starting out today will be reliant on parents, grandparents and teachers for career support and guidance, and will need to decide whether to say on at school, whether they can afford the tripling of tuition fees and go to university, or whether to try to get an apprenticeship. Very few people, apart perhaps from some Conservative Members, would advise a young person to pack in school at 16 to take part in a six-month apprenticeship. So let us incorporate the question of definition into today's debate. All training programmes cannot simply be rebadged as apprenticeships or they will lose all credibility. They should at least include the NVQ qualification at levels 2 or 3, the technical certificate and the key skills element.

There are many on the Government Benches who will no doubt advocate their love for and devotion to apprenticeships, but who have no intention of taking on an apprentice themselves, or of encouraging their own children to complete one. In fact, many Members claim that apprenticeships are the be all and end all if you listen to some of them, but despite my minor misgivings at times about the last Labour Government's emphasis on academic routes over vocational training, the last Tory Government nearly destroyed apprenticeships completely. We were down to about 20,000-odd in the year before their last year in power.

Any increase in apprenticeship numbers, as identified by the Minister earlier, is welcome—

Derek Twigg (Halton) (Lab): Does my hon. Friend agree that the recently announced construction projects that the Government support are an ideal opportunity for the Government to stipulate that they should include a number of apprenticeships? In our part of the world, the council is working hard to ensure that there are apprenticeships on the Mersey gateway. Should not the Government stipulate that any construction project they support should have apprenticeships?

Steve Rotheram: I agree with my hon. Friend. We tried to push the Government on that. The old rule of thumb used to be that for every £1 million-worth of procurement an apprentice was taken on. The Minister should seriously look again at that, because it is a way of stimulating demand for apprenticeships.

The point made earlier about 10-week programmes makes a mockery of the brand and looks like statistical gerrymandering to all those responsible for delivering quality apprenticeships. They are not what people out there believe to be apprenticeships; they are training programmes. They are very welcome in the vocational field, but they are not apprenticeships. While the Government take credit for all that they have done and for the current level of apprenticeships, many Members seem to forget that some current apprentices in traditional occupations started their apprenticeships under the Labour Government. For example, my beloved son is an apprentice electrician, which is a four-year programme. Perhaps I am being cynical, but the Government seem to be systematically rebranding work experience programmes as apprenticeships, and I genuinely hope that that is not the case.

The reason for my scepticism probably has something to do with a recent incident in my constituency of Liverpool, Walton. I keep questioning why the Government, who claim to be so dedicated to reducing unemployment and increasing apprenticeship numbers, allowed the National Construction Academy in Aintree to close its doors on their watch. Not only will the decision deny up to 80 young people each year the chance of accessing training via the centre, but Walton is unfortunately home to the sixth highest level of unemployment in the country.

The Minister will know that I have the greatest admiration for his undeniable appreciation of vocational routes into employment, but surely he must understand the relationship between public sector spending and private sector growth. Despite the coalition's at times relentless desire to drive a wedge between the public and private sectors, the two are heavily interlinked and mutually co-reliant, as can be seen in the construction sector, for instance. As I have said on a number of occasions since becoming a Member of Parliament, the symbiotic relationship between the public and private sectors means that cutting one makes the other bleed. Needless to say, the construction sector is haemorrhaging badly at the moment and needs an urgent transfusion. The construction industry has a long history of taking on apprentices, but such programmes have now been savaged, with capital investment slashed—

Mr Deputy Speaker (Mr Nigel Evans): Order.

8.21 pm

Henry Smith (Crawley) (Con): It is a privilege to follow the hon. Member for Liverpool, Walton (Steve Rotheram), a former apprentice, and I am grateful for being called to take part in the debate. As my hon. Friend the Minister said in his introductory remarks, apprenticeship places are central to the economic and social good not only of this country and our local communities, but of individuals.

Youth unemployment is of course a significant concern for every right hon. and hon. Member. Looking back at the history of youth unemployment, it is shocking to see that between May 1997 and May 2010 youth unemployment increased by around 42%, and of course that is still very much a challenge as we face the current

[Henry Smith]

debt and international economic crisis, but it is even more important that we focus on properly skilling people, particularly the young, through apprenticeship places, and that is rightly a central commitment of the coalition Government.

Much has been said this evening about national policy on apprenticeships, and I would like to talk about how translating that national policy at a local level is making a real difference in my constituency. I am delighted to report that in the past year the number of apprenticeship places in Crawley has risen by 70%, which is 20% above the national average. That is playing an important role, along with other measures introduced by the Government, such as the Work programme, to ensure that young people in particular can find routes into sustainable employment.

I pay tribute to Central Sussex college, particularly its principal, Dr Russell Strutt, for the work it is doing. It is engaging hundreds of local young people and more than 1,600 local businesses with apprenticeship places across the board, whether in construction, health and social care, business administration, warehousing, hair and beauty or other areas of our diverse economy. Unfortunately, unlike what the hon. Member for West Bromwich West (Mr Bailey) described earlier, the proportion of people from Crawley going on to higher education in 2009-10 was just 17%, which is woefully low. I therefore very much welcome what Central Sussex college is doing in working with the University of Brighton to link local young people to the first-class, global employers in my constituency, such as Thales UK, Varian Medical Systems and Boeing UK, but we need to concentrate on more than just a higher education offer.

Neil Carmichael (Stroud) (Con): I should like to celebrate the work of Dr Beri Hare in promoting engineering and manufacturing at Stroud college, because it is a great tribute to the college's interest in young people and to the effective way in which it has delivered on ensuring first-class training.

Henry Smith: Clearly, further education colleges and those who work so tirelessly in them are making a significant difference, whether in Stroud or in other parts of the country.

The further education sector is not the only one playing a significant role, and I pay tribute to some of my local employers, who are also playing an important role in increasing the number of apprenticeships. One, Virgin Atlantic, which is headquartered in my constituency, is offering 38 apprenticeships in the highly skilled industry of aircraft engineering, and, based on the record of apprenticeship places it offers, almost two thirds of its apprentices stay with the company for a long time, helping to grow that sector of the economy and bringing loyalty to such first-class companies.

Another company in my constituency, TradeSkills4U, the largest electrical apprenticeship organisation anywhere in the country, offers 4,000 places not just in Crawley, obviously, but in the wider country. It offers them not just to young people, either, but to many people who are at the midpoint of their careers and looking to retrain—particularly people leaving the armed services and looking to retrain, especially in solar power technology. I was delighted to help open its new premises on the Manor Royal industrial estate in my constituency earlier this year with Falklands veteran Simon Weston.

Eezehaul, a courier and package company in my constituency, offers apprentice places as well, but both employers cite the importance of literacy and numeracy as a bar to people taking up apprenticeships and as a burden on many companies, because they often have to provide the teaching that schools and parents should have provided a few years earlier. That is why I was delighted to hear my hon. Friend the Minister mention focused support for literacy and numeracy so that apprenticeships can grow further. That can help to grow our commercial sector, thus growing our economy and creating a greater number of jobs.

8.28 pm

Mr Iain McKenzie (Inverclyde) (Lab): In the current economic climate for young people, this debate is very welcome. I speak with experience of apprenticeships, having spent the first four years of my working life as an apprentice and having had the good fortune to go on to discover a second career as a modern apprentice. That is why I have been engaging regularly with companies in Inverclyde, trying to encourage them to start thinking about increasing the number of apprenticeships or about starting an apprenticeship scheme.

Inverclyde is not as bad as some constituencies with youth unemployment, but that does not reflect what is happening in Scotland overall, nor in the UK as a whole. Youth unemployment has never been higher, and the statistics are frightening. Youth unemployment has risen to 1.027 million, the highest since records began in 1992, beating the previous record set only a month ago.

The young continue to bear the brunt of the lack of jobs in the UK, and many are thinking about emigration as a way out. Too many young lives are being wasted on the dole queue; long-term unemployed young people are the most vulnerable, with many trapped in a vicious cycle of joblessness, anxiety and depression. We desperately need to get our young people into training and apprenticeships. They need every chance to improve their skills to get them into good jobs.

The other week, I visited a project in my constituency in which young people are applying themselves to the renovation of community facilities and to learning new skills in the traditional trades of electrician, plumber and joiner. Those young people are determined to succeed; they are not sitting back on benefits. They ask only for the opportunity to learn the skills that they hope will get them employed as apprentices.

The Government need to do more to help our young people. They have dropped Labour's guarantee of an apprenticeship place to young people who want one and they have failed to expand apprenticeship places for school and college leavers. The Government should be doing everything that they can to support opportunities, helping young people to improve their skills and get good jobs. Instead, they are leaving Britain's youth on the dole queue, instead of taking constructive measures today. We need a highly skilled, highly educated work force to meet the challenges of tomorrow and compete with the advanced nations of the world. We need value added skills to compete with the economies of Brazil, India, China and other emerging nations in the world.

Apprenticeships are a valuable way of giving young people skills and training in jobs. They offer an on-the-job learning opportunity; they enable young people not only to learn about their chosen trade or profession, but to learn it on the spot and talk to colleagues who are already skilled and experienced in their particular area.

Apprenticeships can offer so much, and there is no reason why they should not be expanded to cover a wide variety of jobs and professions. We need to get Britain's companies on board. The Government are cutting apprenticeships back when they are needed more than ever. It is so short sighted; the Government need to make more apprenticeship places available. Labour has a plan for our young people, even if Government Members do not. Any company wanting to provide goods or services to the public should be required to have an apprenticeship scheme before they can win a contract. My council in Inverclyde already does that, and to great benefit.

Labour's jobs-for-contracts scheme would increase the number of apprenticeships by thousands and give immediate help to many of the 1 million unemployed under-25s. This simple idea—creating apprenticeship places through public procurement—would provide immediate help to alleviate youth unemployment. The Government spend £220 billion a year on goods and services from the private sector; from construction to business support services, the Government are the top single contractor in the UK. That means that they have a unique tool at their disposal to get young people into work. The Government should reverse their decision to abandon apprenticeships in Government procurement and instead do everything that they can to create new apprenticeships.

When Labour was in government, it rescued apprenticeships, increasing their status and nearly quadrupling the number of places from 75,000 in 1997 to 280,000 in the last year we were in government. Labour plans to repeat the bank bonus tax and use the funds to provide jobs and apprenticeships for young people, as well as for a temporary reversal of the VAT rise, would help kick-start our economy and provide the growth and jobs that we so urgently need.

Public money should always be used to maximise social and economic benefit. In 2009, the Labour Government drew up the Office of Government Commerce guidance, "Promoting skills through public procurement". This Government have scrapped that, denying high-level apprenticeships in key industries for young people. Labour's plans on apprenticeships would work for young people and get them into work. Getting our young people into apprenticeships is the best way to put Inverclyde, Scotland and the UK on the right course for the future.

Mr Deputy Speaker (Mr Nigel Evans): Order. To accommodate more Members, the time limit on speeches is being reduced to five minutes.

8.34 pm

Stuart Andrew (Pudsey) (Con): It is a pleasure to take part in this very important debate.

Being unemployed is a terrifying experience that I went through a number of years ago. For me, that new year's eve was not about looking forward to welcoming in the next year and everything that was hoped for, but about receiving my P45 and thinking what the prospect of unemployment would hold for me. During the time I was unemployed, I began to realise what work was really about. It is about more than earning money. Of course, that is a vital part of going to work, but it is also about self-worth, the reason for getting up in the morning to go and achieve things, and social interaction with the colleagues with whom one works. When I was unemployed, I found myself without any of those things. Money was scarce, and I had to make the choices between whether to put money aside for gas or for electricity—did I want to be warm or did I want to watch television? Those stark choices were very difficult. There was not much to do, either. I like to be busy and active and to have a purpose, and I dearly missed that daily contact with colleagues.

Of course, in this Chamber we all want to make party political points. I sometimes find it hard to listen to Labour Members talk about the youth unemployment statistics. One would think that this was a new phenomenon that had existed only during the past year. The fact is that it has been a growing problem for a good number of years, and we need to do everything we can to deal with it. It is simply not acceptable to see so many people out of work. It is not good for them, it is not good for the economy, and it is certainly not good for our society. The evidence is that this problem is not unique to the United Kingdom; we need only look at other countries such as Spain to see how difficult it is.

So how do we deal with the problem? There are many ways. For years, our education system has concentrated too much on those who go into academia. What about the rest? I never went to university—it might show, of course—but I was fortunate enough to find a job early on. I always had a sense that I had failed somehow because I had not gone to university. My brothers were in exactly the same position. They found themselves with young families and low incomes, and going out to retrain had a huge personal and financial cost for them, but they did it and I am very proud of them for that. Apprenticeships are a way of tackling youth unemployment. We often hear the older generation talk with real pride about the apprenticeships of the past helping people to learn new skills and develop a trade. One of the hurdles that we will have to cross is the immense snobbery that remains about people who decide to go into apprenticeships. We should be proud of those who make that choice.

The Government should be congratulated on getting off to a fantastic start. I have noticed that every Member has referred to the figures in their constituency, so I will carry on the tradition. I am proud that in Pudsey 460 people took part in apprenticeships in 2009-10, and that figure has gone up to 770 in 2010-11—a growth of 67%. That is hugely impressive, but it has not happened by accident. Despite dire public finances and tough public spending decisions, the Government have increased investment in this area, and that must be welcomed as a crucial policy that demonstrates a real desire to tackle the problem. Some of the schemes may be basic, but many people out there do not have the basic skills they need for a job, and it is important that we give them the opportunity to acquire them.

One of the companies in my constituency, Airedale International, is very successful, but its customers' increasing demand for state-of-the-art products means that it needs

[Stuart Andrew]

highly skilled employees, and the managing director said to me during a recent visit that they are simply not available. The company has had to invest £250,000 in a new training and apprenticeship skills centre so that it can get the people that it needs to do the job.

I urge the Government to continue with this excellent policy to help young people and to continue to talk to industry to ensure that we have the skills that it needs so that ultimately we can create a competitive, skilled economy and hope for those whose futures might otherwise be bleak.

8.39 pm

Jim Shannon (Strangford) (DUP): It is a privilege to stand here and speak about this issue.

Apprenticeships are very important in my constituency and across the whole of Northern Ireland. I want to look at two aspects—the position today in Northern Ireland and the help that we need from Government. When I think of Northern Ireland, I am always happy to highlight the good that we have, particularly in the education system. I believe that it has one of the finest education systems in the United Kingdom. The figures show that it produces superior GCSE and A-level grades and higher literacy and numeracy figures than the OECD average. We have enterprising people who want to work and businesses that want to expand, but they are restricted. There is no doubt that there are good prospects; the issue is turning them into reality for the people of the United Kingdom and of Northern Ireland. That reality is getting harder to achieve by the day when we are on the edge of a recession, looking into an uncertain future.

I accept that the Minister is totally committed to his strategy. However, when we are staring at the problem of 1 million-plus unemployed young people, where is the strategy to address that? What interaction has the Minister had with the devolved Administrations, particularly that in Northern Ireland? Is there a joint strategy that we can use to our mutual advantage?

Every day in my constituency, I see young people and indeed older people who need help with benefits issues. They tell me that they are desperate to get a job. I always feel inadequate because I am not able to point them towards a job opportunity, which should be just around the corner. I wish I could do that, but it is most definitely impossible.

My office took on an apprentice two years ago so that he could learn how the office worked alongside the other seven staff. It was a practical and physical way of learning. We worked with the college in our area to give that young boy the opportunity to develop his skills, experience and commitment. Work is also a reason to get up in the morning. It gets people into a pattern of discipline, which is good to have.

Tradesmen are one of the casualties in this area. Members have mentioned the construction industry. In the construction industry, like in many businesses, when it comes to job losses, the mantra is, "Last in, first out." Unfortunately, that usually means that apprentices are the first out of the door, perhaps in the middle of a two or three-year apprenticeship. We have to address that issue.

Only 10% of companies in the UK employ apprentices, compared with about 25% in Germany and Austria. One developer who did very well during the building boom has now got to the stage where he does not take a bonus when a house is sold, but keeps it for his men and for the next house that the business builds. That means that he cannot take on apprentices. I believe that it is time for the Government to consider this issue.

Last week in this Chamber, we had a debate about unemployment. In an intervention, I suggested that businesses should be given an incentive to employ people aged between 16 and 24. The CBI has suggested that there should be a £1,500 grant and that the person's national insurance contributions should be paid. That is a constructive suggestion that could enable people to employ apprentices when they could not otherwise do so. A small incentive from the Government could be just what is needed to make that happen.

I want to speak highly of the companies in my constituency of Strangford that already employ apprentices, such as Bombardier Shorts and John Huddleston Engineering. Those companies employ apprentices every year and they would employ more if the opportunity was there. Perhaps we need to consider that. There are not sufficient skills available to our indigenous companies to attract investment. We need apprenticeships in skilled labour, office admin, marketing, computer skills and many other areas. There are many issues that we need to address. I believe that Northern Ireland can be part of a UK strategy to give opportunities to young people.

I applaud the Government for tabling the motion, but it is not enough. We need a strategy and then its implementation to give hope and opportunity to young people.

8.43 pm

Caroline Dinenage (Gosport) (Con): I am grateful for the opportunity to contribute to this incredibly important debate. I have learned an enormous amount from just sitting and listening to the contributions. It is a huge tribute to the Government's commitment to apprenticeships that in just 12 months we have witnessed an incredible increase of more than 50% in the number of apprenticeships across the country. As the Minister said, however, it is not just about the increase in numbers but about the quality and standard of apprenticeships. The greatest growth has been achieved in level 3 apprenticeships, which means that more young people than ever are gaining the equivalent of A-levels in their chosen field. That is very important in my constituency, which has a proud maritime and naval heritage and a great tradition of engineering skills.

It is always heartbreaking to see young people who, when the academic door is closed on them at quite an early age, are uninspired by the work choices available to them. At best they have unskilled work, and at worst a life not in education, employment or training. I would like to think that the apprenticeships that are on offer could raise their aspirations.

Such apprenticeships are right on our doorstep, because key employers such as EDF and Network Rail are helping to reinvigorate the national skills base through a major apprenticeship training centre run by Babcock at HMS Sultan in my constituency. At any one time, up to 400 young adults are carrying out

apprenticeships there for vital engineering and technology jobs. The dedication and passion of the apprentices are immense, as they know that they are gaining high-level skills for significant and tangible job opportunities. Such apprenticeship programmes open up opportunities for all.

Remarkably, last year women made up the majority of apprenticeship starters for the first time. The story of one female apprentice, Alannah at HMS Sultan, is one example that illustrates what has happened. After just a few months at the centre she was described as an exceptional apprentice with a highly promising career ahead of her. With her apprenticeship at Southern Water offering experience in a broad range of engineering roles, it is clear why she finds her training so rewarding.

We must not pretend that the Government have achieved all they can for potential apprentices, including female apprentices. Alannah admits that she still experiences some prejudice in the male-dominated world of engineering, and more vitally recalls that she received no support or advice whatever at school about pursuing that route. The reality that her case illustrates is that many schools are simply not doing enough to promote apprenticeships. We must ensure that they are recognised and endorsed as a viable and exciting opportunity for young people. What better way of doing that than to get young apprentices into schools to talk about their experiences? Alannah says that she has been going to speak to kids in schools, and I ask the Minister whether more apprentices could be encouraged into schools. They are the best advert for what they are achieving.

The training offered at HMS Sultan totally belies the traditional and limited image that many young people and their teachers have of apprenticeships. Contrary to what Opposition Members have said today, apprentices there serve between 12 and 24 months of their three years' training on site at HMS Collingwood, where they gain skills, tangible job opportunities and the joy of living away from home without the burden of university debts.

To build further on the successes of the past year, we must ensure that our schools and young people do not hold the damaging misconception that apprenticeships are second best. The breadth and diversity of the opportunities at HMS Sultan could put some university courses to shame, with the apprentices taking on fully functioning professional roles early on in their training.

There is also evidence throughout my constituency of how apprenticeships can build the resources of a community. At the new maritime skills centre, there are plans for an extensive apprenticeship programme, with talks currently ongoing with a company about the provision of apprentices for offshore wind farms. The potential for the students to gain high-level employment, and for employers to guarantee that their workers have the skills that they need, is immense. That is a real boost to the local economy.

Last year, Gosport saw more than 1,600 people start apprenticeships. I sincerely hope that that figure will grow and grow in the coming months and years, to the benefit of students, employers and the community. I also hope to encounter more girls like Alannah who are doing science, technology, engineering and maths-based apprenticeships throughout my constituency and getting the most from their fantastic opportunities.

8.48 pm

Andrew Griffiths (Burton) (Con): I begin by directing colleagues to my entry in the Register of Members' Financial Interests, and by congratulating Members of all parties on the quality of this evening's debate. I read in a national newspaper over the weekend that MPs had all given themselves an extra holiday, and that we were skiving off and the Chamber was going to be deserted this evening. For that reason, I had written an hour-and-a-half speech, but I have been able to trim it somewhat. I intend not to take my full time, so that I can allow other colleagues to contribute to this important debate. I would particularly like to pay tribute to my hon. Friend the Member for Pudsey (Stuart Andrew), who made a thoughtful, articulate and caring speech about youth unemployment. As a northern, working-class lad who did not go to university, I am proud to be part of that club.

Mr Deputy Speaker, as a regular visitor to Burton, and to east Staffordshire, you will know that it is a thriving constituency. I am proud to say that I win the prize so far this evening, because I have had the biggest percentage increase in apprenticeships in my constituency, at a whopping 76%. The number of apprenticeships in my constituency has increased from 540 to 960. That represents young people being given the skills and the training they need to get back into work, and I am proud of what this coalition Government are achieving.

I was touched that the Minister, who is sadly no longer in his place—*[Interruption.]* I am told he is having his dinner. An army marches on its stomach—and the Minister can march a long way. He kindly mentioned Burton and South Derbyshire college, which is a fantastic provider of apprenticeships, training and education to young people in my constituency. We are desperate for the Minister to visit us so that he can see the good work that we are doing. The principal, Dawn Ward, is desperate to embrace the Minister and all that he wants to achieve in educating our young people. I hope that his office is taking note of that and will respond to our letters urging him to visit Burton and South Derbyshire college.

We all recognise that apprenticeships are a fantastic brand and that people understand what they do. They do what it says on the tin: they give young people experience of the workplace, and education and training to help them to develop their careers. I am concerned and nervous about some of the examples that we have heard from both sides of the Chamber this evening of short courses that do not really seem to stick to the ethos or the hard work done to develop the apprenticeships brand. I would urge the Minister to look into that. However, I am heartened by his assertion that apprenticeships should last 12 months.

I want to make a plea. Demand is outstripping supply. We all know of young people in our constituencies who want to get back into work or into an apprenticeship, but who cannot do so because not enough apprenticeships are available. I would urge the Minister and the Front-Bench team to consider extending the helpful £1,500 that is currently available to small and medium-sized businesses to larger businesses. It is true that larger businesses are more geared up to take apprentices, but if we want to get young people back into work, surely we should give them that opportunity in some of our biggest and finest companies across the globe.

[Andrew Griffiths]

Finally, I would like to make a plea on behalf of manufacturing, as a boy who grew up working for the family engineering business. Engineering and manufacturing are very important for our economy, with 12% of economic output and 54% of UK exports in manufacturing. We are often told that we cannot manufacture things because our production and work force costs are too high. However, Germany's labour costs are 63% higher than the UK's. We have the skills and the work force; we just have to train our young people to get involved in engineering and manufacturing, and sell our great British products across the globe.

8.53 pm

Neil Parish (Tiverton and Honiton) (Con): I am glad to follow my hon. Friend the Member for Burton (Andrew Griffiths), who rightly pointed out that although we are all supposed to be on holiday, attendance among hon. Members has been very good this evening because we realise how important this issue is. I thank the Minister very much for his earlier statement about apprenticeships and the fact that we are nearly doubling them. I shall give some figures from my constituency, although I cannot quite beat the percentage increase that my hon. Friend has seen in Burton. We had 580 apprenticeships last year, which is going up this year to 780—nearly 800—so we are going in completely the right direction.

I want to make a plea to the Minister. It is good that larger businesses are taking on apprentices, but some 50% of the private sector economy comprises small companies and micro-businesses, and they take on only about 2% of the apprentices throughout the country. It is important that we get that figure up. We must ensure that apprenticeship schemes are worth while, but we must also ensure that they are not so burdensome or beset by red tape and bureaucracy that small companies will not use them. Small companies and micro-businesses are personal concerns that someone has built up, and if a young person can work every day with the person running the company, that will be important not only for building the business but for building up a relationship that could lead to the business taking on an extra employee. It would therefore help tremendously if more small businesses could be persuaded to take on apprentices.

Justin Tomlinson (North Swindon) (Con): One of the biggest challenges that micro-businesses face is that of accessing information on providing an apprenticeship. In previous debates, I have called on the Minister to provide such information in the annual business rates mail-out, setting out just how easy it is to offer those opportunities, which are good for the business and good for the apprentice.

Neil Parish: My hon. Friend makes a good point. Individuals in small and micro-businesses usually work very hard and do not have much time to look through such information, and they certainly do not have anyone else to deal with that side of the administration. I am sure that the Minister will take that point on board, to ensure that such businesses have greater access to apprenticeship schemes.

In my constituency of Tiverton and Honiton, both those towns contain many little manufacturing and engineering businesses that are taking on apprentices, as do Axminster, Seaton and Cullompton. I was an unofficial apprentice; I was milking cows at 13. My father—God rest his soul—did not believe in paying anybody, and certainly not his own son. Seriously, though, agriculture nowadays has changed. Anyone who drives tractors will know that they light up like a Christmas tree. They are full of computers, and probably cost between £50,000 and £60,000. People need really good skills to be able to drive them. Similarly, the machinery used in engineering businesses is all computerised. Apprentices need greater skills now than ever before, and this is linked to education and to colleges. Petroc college in Tiverton, for example, is creating more and more links to apprenticeships. That needs to be done; colleges need to link into businesses in that way. Constituencies such as mine have a lot of agriculture and a lot of tourism. They also contain many eating establishments and other businesses that can build in apprenticeships to provide real skills and meaningful jobs.

I want to echo the comment from other Members. Bringing young people and older people—especially those who are not used to working—into apprenticeships and retraining can give them valuable experience of work. That is where small companies and micro-businesses can be useful, because one-to-one interaction between the employer and the apprentice will give the apprentice the confidence to carry on and build a career. It is a matter of giving people confidence and the ability to work.

My final point is on the youth schemes designed to help young people. There are 40,000 places on those schemes, and I hope that we will be able to find a bit more money, even in these difficult times, to fund a few more places. I think we all agree that we want to see all our young people in jobs. It is rather rich of the Labour party to knock what we are doing when we have doubled the number of apprenticeship schemes, and are now adding the youth schemes to help young people. We saw a rise in youth unemployment during Labour's time in office. The Labour Government created a huge boom in the economy, only to create a huge bust afterwards. Youth unemployment rose during that time, and we are going to have to fight hard to get those people back into work and to get the apprenticeship schemes running so that we can give young people a great future.

Several hon. Members *rose—*

Mr Deputy Speaker (Mr Nigel Evans): Ten Members wish to speak and there are 40 minutes remaining. My maths suggests it is four minutes each. I would be grateful if Members would stick to that limit, which we will put on the clock.

8.59 pm

Iain Stewart (Milton Keynes South) (Con): It would be remiss of me not to add the votes of the Milton Keynes South jury to the league table of improvements in apprenticeship numbers, as we are up 70% over last year—not quite as good as for my hon. Friend the Member for Burton (Andrew Griffiths), but it compares

favourably to a 58% national increase and a 44% regional increase. Clearly, good progress has been made in Milton Keynes.

I shall focus my remarks on a discussion I had at a dinner I recently had the great privilege to attend for the principals of further education colleges in the Thames valley. One issue that came out of the discussion was the hesitancy among employers at times to take on apprentices because of concerns about the cost and the bureaucracy involved. The measures outlined by the Minister—particularly the £1,500 incentive payment and the simplification of a lot of the bureaucracy—goes a long way to address those concerns, but more needs to be done.

Another interesting point that came out of the discussion was that Members of Parliament can play a huge role in encouraging employers to take part in these schemes. Individually and collectively, we all have a duty there. The evidence presented at the dinner showed that where MPs took a proactive lead in encouraging employers to take on apprentices, the results were very encouraging.

We have made good progress, but as I said, more needs to be done. I want to follow up the point ably made by my hon. Friend the Member for Pudsey (Stuart Andrew)—that we need to achieve a cultural shift in thinking about apprenticeships. There is still a snobbery about not going to university, so that taking an apprenticeship somehow appears as a lesser option. The problem often starts at school. Not every school is guilty, but too many careers advice services in schools focus on the academic route and not on the vocational route with apprenticeships or other training options. I believe that for the long-term health of the UK economy we need to move away from that and to value apprenticeships and the learning that goes with them.

A company in my constituency, Two Trees Photonics, is a start-up company with only a handful of employees. Its chief technical officer—whose name, Dr Christmas, is very seasonal—started off as an apprentice and gained all his academic qualifications through the apprenticeship route. He is now developing this cutting-edge technology, which is potentially transformational. There are examples like that, and it is the duty of companies, as the hon. Member for Solihull (Lorely Burt) said, to get into schools and open the eyes of young people to choosing that route. I encourage the new National Careers Service and note the statutory duty on schools to provide impartial and independent advice, which should go a long way to help us to develop this strategy.

In the few remaining seconds, I want to refer to University Centre Milton Keynes, which is pioneering innovative ways of delivering new products to meet skills needs in the nascent parts of the economy such as low-carbon and telemedicine. In my last nine seconds, I would like to add to the Minister's lists of visits, already including to Stevenage and Burton; he should come to Milton Keynes to learn what UCMK and others can do.

9.3 pm

David Morris (Morecambe and Lunesdale) (Con): Thank you, Mr Deputy Speaker, for calling me to speak in such an important debate.

Apprenticeships have been the bedrock of training in British Industry for generations, and anyone who cares about British Industry must, by extension, care about apprenticeships. I am very proud to say that I left school aged 15 and joined Thatcher's youth training scheme. The YTS apprenticeship programme was the start of my career, and I believe that I would not be standing here today without it. That is testament to the flexibility in skills and career structure that the hon. Member for Blackpool South (Mr Marsden) seems to seek. However, apprenticeships also benefit companies. According to the British Chambers of Commerce, 82% of companies offering apprenticeships say that they build long-term skills and capacity, as well as offering young people on-the-job training with small salaries to help them get by.

I take the view that the best ideas benefit everyone involved. Apprenticeships create stronger and more profitable companies, offer young people employment, and even regenerate communities by increasing skills and employability, and I am glad to observe that Members in all parts of the House agree on the fundamental premise that they are a good thing. Obviously there are disagreements on the detail, but that is to be expected. I was pleased to hear the right hon. Member for Kirkcaldy and Cowdenbeath (Mr Brown) say that he wanted to see 220 apprenticeship starts a year by 2013. I agree with him wholeheartedly, which is why I was also delighted to see that the Government have delivered more than twice that number this year. That represents real progress, and we should all applaud it. It is the result of a major new package of funding that will enable the budget for apprenticeships to rise by £250 million a year by 2014-2015.

We should bear in mind, however, that Government money and cross-party agreement are not what it takes to deliver apprenticeships, although it helps. The people who are meeting these ambitious targets are the companies and apprentices themselves: it is they who are making it happen. We must applaud their efforts loudly, and then ask ourselves how we can ensure that more companies and young people join in. As a former small business man myself, I fear that not enough small businesses are being encouraged to participate in schemes. Many fear that red tape, health and safety rules and inflexibility will leave them out of pocket. We must ensure that apprentices are seen as a real economic benefit to their companies.

I do not believe that small businesses can afford to risk losing money on apprenticeships in difficult climates such as this, and I think that the Government are right to offer £1,500 payments to companies that take on apprentices. In that way, we are offering security to the companies, and as the number of places expands, we will offer more of them to young people. I know from my time in small business that gestures like that help to reduce risk and enable companies to act.

We should be very proud of the achievements of our young people. We have a record number of apprenticeships, they are gender-balanced for the first time, and the number of apprentices over 25 is increasing. This is an issue on which the whole House agrees, which I think is borne out by the results that we have seen. Our young people are our future, and the business community has done us proud. As a former apprentice who is now a Member of Parliament, I commend what the Government are doing.

9.7 pm

Jane Ellison (Battersea) (Con): It is that time of the evening when we are almost reduced to "name, rank and serial number". I shall say "Battersea 109%", and get it out of the way.

I want to make two points in the short time available to me. I have already referred to the picture in London, in an intervention, but I want to say more about that, and also to say something about the gender breakdown in apprenticeships.

I strongly support the Government's agenda for rebalancing the economy throughout the United Kingdom, but London is going great guns on apprenticeships, which are an incredibly important part of the UK's economy. The number of apprenticeships in London increased by 99% between 2009-10 and 2010-11, which reflects the Mayor's enthusiastic championing of them, and he has set the ambitious target of 100,000 apprenticeship starts by the end of 2012.

Members on both sides of the debate have talked about the way in which public procurement projects can be used. There is no doubt that the Mayor has used big public projects such as Crossrail and Thameslink to drive forward the apprenticeship agenda in London. I know that the Skills Minister has had conversations with the Mayor's officials on the subject, and I shall be interested to hear his and other Ministers' responses. I know that they are considering the matter. Given the large number of exciting public projects that were given the green light in the Chancellor's autumn statement, this seems an appropriate time for them to comment.

I welcome what has been said about the gender rebalancing of the overall number of apprenticeships, but if we dig down into the 12 key sectors which represent about 60% of apprenticeship starts in 2009-10, we see that, as well as the problem of snobbery that some of my hon. Friends have mentioned, there is a problem of gender stereotyping.

Mr Marsden: Will the hon. Lady give way?

Jane Ellison: I will not, but only for the sake of others who wish to speak. I do not wish to be discourteous.

To take a couple of extreme examples, in children's care, learning and development, the breakdown is 4% men and 96% women, while in plumbing it is 98% men and 2% women. I chose plumbing as an example because in London plumbers can make a fortune at present, and I want women to have the opportunity to be in the high-wage jobs. I chose children's care, learning and development because we in this House regularly debate the need for more male role models in children's early years. That sort of gender imbalance in that important area of employment is clearly not right, just as it is also not right that we have a similar gender imbalance in primary school teaching.

While celebrating the overall gender balance across apprenticeship starts, we must use every opportunity—through the new National Careers Service, through visits to schools and firms, and through talking to young people—to encourage young people to look at the widest possible range of professions. It was very heartening to hear my hon. Friend the Member for Gosport (Caroline Dinenage) talk about the young apprentice she described. There are not enough similar examples. As we approach 2012, we must challenge the obvious stereotypes that still exist, and the apprenticeship programme provides us with a chance to challenge and tackle them.

9.11 pm

Graham Evans (Weaver Vale) (Con): I am very pleased to have a chance to speak in this debate, which is very timely given the recent focus on youth unemployment. Like my hon. Friends the Members for Pudsey (Stuart Andrew) and for Burton (Andrew Griffiths), I left school with few qualifications. I did not go to university, and I spent a wee while as an unemployed person. That is why I believe that apprenticeships are so important. They are a vital weapon in combating youth unemployment. We have all seen that the youth unemployment figures have risen to over 1 million for the first time. Opposition Members have, in their own charming way, tried to make out that the coalition Government somehow invented youth unemployment and that this problem appeared from nowhere on 11 May 2010. As ever, they display impressive amnesia about their own 13 years in office.

The truth is that youth unemployment sky-rocketed by 40% under Labour. That massive increase took place entirely after 2004. That fact must be greatly puzzling to many Opposition Members. For the largest part of that period, the UK enjoyed strong economic growth, so a lack of jobs cannot explain it; the "evil Tories" were not in office, so they cannot be blamed; and we all know that it could not possibly be the Labour party's fault. So what could possibly have gone wrong?

The root causes of the unprecedented increase in youth unemployment are many and complex, and if we are to address the problem, we must consider them all carefully and take smart, targeted measures. It will not do just to repeat the vague mantra that "we need to invest in young people". Many Opposition Members are fond of doing that, but although it might make them feel better, it does not achieve anything.

It is no coincidence that the dramatic increase in youth unemployment began in the same year that the European Union was enlarged to include eastern Europe. This was the biggest ever expansion in the history of the EU and, despite numerous warnings at the time, the Labour Government decided against having transitional immigration controls. The consequences have been significant. After all, how can a 16-year-old with a blank CV and no training compete in the jobs market alongside 30-something migrants with lengthy work experience? Why would employers take on the risk, costs and effort to train school leavers who have no way of demonstrating they are reliable, ahead of older migrants who are already trained and have a CV demonstrating a strong work ethic? That question illustrates why apprenticeships are absolutely essential in tackling youth employment.

I congratulate my hon. Friend the Minister for Further Education, Skills and Lifelong Learning on the passion and expertise he has brought to the job. The record number of people starting and completing apprenticeships is testament to his hard work. It makes me proud to support this Government, and I applaud the work they are doing on apprenticeships. I am delighted that the Government are going further, by making it even easier

for businesses to take on apprentices by slashing red tape, creating cash incentives for small firms to take on apprentices for the first time, and giving businesses direct access to huge levels of public investment. Those are all very welcome measures.

Apprenticeships are not just important to the apprentices who benefit directly from them. They benefit everyone. They help ensure that our workforce is equipped with the necessary skills to enable us to compete in this era of globalisation. They are an essential ingredient in the Government's efforts to rebalance the economy away from the City of London and towards manufacturing in places like Northwich and Runcorn. I am particularly delighted that in the past year there has been a 71% increase in new apprenticeships in my constituency.

All this progress is very encouraging, but there remains so much more to do. The challenge is to ensure that apprenticeships directly benefit those young people who are hardest to reach: those living in severely deprived areas, who may have grown up in a family where nobody has had work for several generations and whose opportunities have been far too limited for far too long. I know that the Government take that challenge seriously and are treating it as a priority. We need to drive up standards in all our schools, radically reform the welfare system, control immigration, cut red tape and rebalance our economy.

9.15 pm

Oliver Colville (Plymouth, Sutton and Devonport) (Con): Thank you for inviting me to speak in this debate, Mr Deputy Speaker, and I shall begin by setting out the context to my remarks. I, like many on this side of the fence, did not go to university, and I have always felt slightly ashamed that I did not have the academic qualifications to do that. When I left school, I undertook 18 months of training to become a Conservative party agent and it taught me a set of very good practical skills that enabled me to develop a business and got me involved in community consultation and giving advice.

The one thing I am very concerned about is "aspiration", which nobody has mentioned in the debate. How do we get these kids to want to do a job when they come out of school? We need to do much more in that area. My constituency, and Plymouth's economy as a whole, has a low-skills and low-wage base. It most certainly does not have that sense of aspiration and many children need to be encouraged to try to find it. As all hon. Members will know, Plymouth is one of the homes of the Royal Navy, although it is declining; we have fewer people with those kinds of skills. I have to blame the Navy slightly for that, because in the days when the dockyard was under public ownership a big skills base was not actually encouraged; the Navy wanted all the bright boys and girls to go to work in the dockyards. So anybody who went to any of the grammar schools was encouraged to go there, and an entire culture accompanies that. The one good thing that has emerged is that Plymouth university is now one of the centres for marine science engineering, which has most certainly made us a global leader in developing that area.

I spoke to a number of employers and individuals in Plymouth over the weekend, including some who were trying to get back into work service personnel who had left the forces. They found it very difficult to get those personnel to use their qualifications in other areas. When we debate apprenticeships we must think about how we transfer skills.

Another point that many people have made to me is that some people who want to become apprentices cannot read and write to a suitable level, which is an enormous indictment. I am delighted that Babcock, which tells me it has 20,000 training apprenticeships each year, has decided to support and sponsor the university technical college. That is exactly the route that we need to take; we need to take children from the age of 14 to 18 to make sure that they have basic skills, so that when they eventually go into the workplace they know what they are going to do.

In the final seconds available to me, I wish to quote from Franklin D. Roosevelt:

> "We cannot always build the future for our youth, but we can build our youth for the future."

That is the job that we should be about.

9.18 pm

Martin Vickers (Cleethorpes) (Con): I must compliment the Minister for Further Education, Skills and Lifelong Learning, my hon. Friend the Member for South Holland and The Deepings (Mr Hayes), on opening the debate with his usual eloquence. We in Lincolnshire know well his commitment to skills and apprenticeships. Hon. Members will be relieved to learn that the limited time available means that I am going to skip the statistics, but I must clock up the fact that in my constituency there has been a 47% increase year on year up to March. That is not in the premier league, but we would have readily accepted it had it been on offer when the coalition Government came to power.

The shadow Minister, the hon. Member for Blackpool South (Mr Marsden), drew attention in his opening remarks to the abolition of the regional development agencies, the changes to the college structure and so on, as well as the fact that that might cause some disruption. In my Cleethorpes constituency, the transition has been remarkably smooth. The colleges and other organisations, such as social enterprises and the CATCH, or Centre for the Assessment of Technical Competence Humber, facility at Stallingborough, which is the chemical industry training establishment, have come together and are working remarkably well together.

It was interesting to hear my hon. Friend the Member for Tiverton and Honiton (Neil Parish) draw attention to the need to have appropriate skills to drive a tractor, which light up like the deck of Concorde these days. A business man in my constituency came to see me a few weeks ago and I must confess that I was rather cynical when he told me that he had been looking for a forklift driver but that there was none available as "they", meaning all the various agencies, do not produce them any more. When I took my first job as an office junior in a printing works in Grimsby some 40 years ago, when one stepped out into the yard one put one's life at risk with all the forklifts shooting one way and another, and that meeting made me ask whether private industry was contributing. If people want a forklift driver, is it all that difficult to go out and employ someone and to do the training themselves? I take note of what my hon. Friend said, however, and I recognise that life and qualifications are much more complex now. Perhaps we have created too complex a regime in that regard.

[Martin Vickers]

It has been fashionable for Government Members to say that they did not go to university. I went to university at the age of 48 to study politics, and look what happened to me.

I want to draw attention to the fact that the Government have recognised the problems of my area, creating two enterprise zones that have enormously encouraged local industry and enterprise. May I suggest, however, that more could be done to fund apprenticeships within enterprise zones, with perhaps some ring-fenced moneys to create a work force with the skills to last. Like my hon. Friends the Members for Pudsey (Stuart Andrew) and for Weaver Vale (Graham Evans), I experienced redundancy. It is not pleasant and we must do everything we can to encourage and support our young people with the training and apprenticeships they need. I congratulate the Government on what they have achieved in the past 18 months.

9.22 pm

Richard Graham (Gloucester) (Con): What a pleasure it is to join this vital debate on one of my favourite subjects—apprenticeships. I start by paying tribute to the coalition Government and the Minister for rightly identifying apprenticeships as a crucial part of improving the nation's skill base, helping business grow and providing the young with genuine future opportunities.

My constituency, Gloucester, is famous for making things, so I was an early convert to the concept and practice of apprenticeships. That is why I first spoke in this House to support the additional apprenticeships funded in the emergency Budget of May last year and urged the Minister even then to do more. That is why I recruited my own apprentice at the beginning of this year and am collating data on all Members to ensure that we hold the Minister to the generous promise he gave in a Westminster Hall debate to provide a reception for the first 100 apprentices employed by MPs. Let us hold him to that promise.

Today, the Minister highlighted his intention to fund higher apprenticeships in several sectors and I hope that inspires the insurance company, Ecclesiastical, which is headquartered in Gloucester, and banks such as the Co-op, which I hope will shortly take over the former Cheltenham & Gloucester branches, to join other sectors in taking on apprentices. The Minister also highlighted moves to incentivise SMEs to take on apprentices and I hope that they will respond. I believe that there is a challenge here, not in the funding, the will or the incentives—those are in place—but in business confidence and the time of very small businesses to absorb the details of new schemes.

My first recommendation to the Under-Secretary of State for Education, the hon. Member for East Worthing and Shoreham (Tim Loughton), concerns the National Apprenticeship Service, which has done a fantastic job. I pay tribute to Gina Johnson of the NAS, who did a great job in Gloucestershire—I am sure her successor will do the same. The NAS has only one representative per county. I believe it needs to adopt some modern marketing techniques, such as having superb DVDs available on its website that can be shown by the Federation of Small Businesses and local chambers of trade and commerce to inspire the smallest employers to take on apprentices. I urge the Minister to consider that.

Secondly, all Members of the House could champion apprenticeship fairs in their constituency. I know the one that I helped to organise last year in Gloucestershire, which the Minister kindly came to, was incredibly positive and is part of the reason new start-up apprenticeships in our city doubled between 2009 and 2011 from 510 to 1,020. The fair contributed to the extraordinary increase across the county, where there are now more than 4,000 apprenticeships.

Thirdly, we are fortunate in Gloucester to have the extremely proactive Gloucestershire media and the local newspaper, *The Citizen*, which launched the 100 apprenticeships in 100 days campaign that has been widely copied around the United Kingdom. In 2012 it is launching the Gloucestershire apprenticeship awards. This happy event is taking place on my birthday and I hope very much to launch the MP for Gloucester's female apprentice of the year award at that happy occasion. I urge other Members to consider doing likewise.

Fourthly, every local enterprise partnership should have a spokesperson for apprentices, as we do in Gloucester, in order to encourage employers to push the apprenticeship agenda forward and benefit from this growth opportunity. It can also encourage local content of public sector contracts, such as the one for the Gloucester academy, which is very important. Lastly, I urge all schools to bring their pupils to local apprenticeship fairs, recognising that the sky is the limit for apprenticeships and that this is a great way forward for many young people.

9.26 pm

Mr Robert Buckland (South Swindon) (Con): It is a pleasure to take part in a debate that has been wide ranging, informative and extremely useful. There has been much discussion about what an apprenticeship means. There is a consensus that it is a paid job of work that involves training both on and off the job, and that there must be an outcome that is a success in terms of employment, enhanced skills and re-entry to the work force.

Just before speaking, I was reminiscing in my mind about the experiences that my grandfather had as a manager of a labour exchange in south Wales in the middle of the last century, where it was his mission to try to match the skills that he found in the work force to jobs available out in the marketplace. The position has not really changed. Often there is still, sadly, too great a mismatch between the skills that are available and the jobs that are out there.

I have the pleasure and the honour of representing a town that is one of the driving forces of our national economy, Swindon, which is renowned for making things and for generating new investment, new ideas and new industry. In my constituency, South Swindon, I am proud to say that we have seen a 48% increase in the uptake of apprenticeships in the past year. That is very encouraging, but it is important to focus on the position of 16 to 24-year-olds, and especially 16 to 18-year-olds, who have particular difficulty, it seems, in accessing the workplace.

I am glad to say that locally, with the help of agencies in the private sector, we have been able to launch Plan 500. I had great pleasure in playing my part in helping to launch it last year with my hon. Friend the Member for North Swindon (Justin Tomlinson). It is supported by Swindon Strategic Economic Partnership and firms such as Nationwide and it has brought local businesses and the community together to create 500 opportunities for local young people, 16 to 18-year-olds in particular, involving apprenticeships, work experience and placements on mentoring schemes. I am glad to say that the figure now has exceeded 500 and the scheme continues.

I mention other types of work experience because I believe that access to apprenticeships is so important. Many young people do not have the skills to access and to benefit greatly from apprenticeships, which is why the Government's access to apprenticeships programme is very important. It will work well if it is truly co-ordinated with the DWP's Work programme, which is already delivering for people in my constituency, giving them the wherewithal they need to seek and already to obtain jobs.

The Government's increase of £410 million by 2012 in spending on apprenticeships is testament to the passion that my hon. Friend the Minister shows for this subject. He is one of the last great romantics. He paints a broad canvas of an optimistic horizon, and he is right to do so.

Today in Swindon we had welcome news that Honda is to increase employment by 500 following on the production of the new Civic. I hope that that welcome Christmas present will yield further fruit in the form of apprenticeships and real employment for young people in my constituency.

I look to further progress being made in the years ahead to ensure that as many people as possible benefit from the opportunities that apprenticeships offer.

9.30 pm

Sheryll Murray (South East Cornwall) (Con): I am proud to be part of a Government who have seen the biggest boost ever in the number of apprenticeships. We have seen a rise of new apprenticeship starts of only 10% in my constituency, but that is partly because traditionally people from South East Cornwall have travelled across the Tamar to the constituency of my hon. Friend the Member for Plymouth, Sutton and Devonport (Oliver Colvile) for training. That has gone on historically and it continues and grows.

I want to tell the House about one young lady from my constituency whom we have helped. Charlotte Rose is doing an apprenticeship learning school administration through first-hand experience at St Martin's Church of England school in Liskeard. This apprenticeship was made possible only through the cash incentives that the Government announced in November, offering employers £1,500 if they had 50 employees or fewer. Charlotte told me that she had planned to go to university, but she saw this as an opportunity, and I applaud Charlotte and the school for making that possible.

On Friday, I visited the Grayhound project in my constituency, and I was delighted to see that at last, through the apprenticeship scheme, shipwrights and marine electricians are getting training. It is easy for a shipwright to find work as a carpenter on a building site, but a trained carpenter cannot work in a shipyard and become a shipwright. The same applies to marine electricians. These skills have been traditional throughout South East Cornwall and they have been lost. I am delighted to be part of a Government who are providing the training, facilities and employers for those lost trades to continue. That is why I applaud what the Government are doing today.

9.33 pm

Priti Patel (Witham) (Con): I commend the Government on demonstrating their commitment to supporting opportunity and job creation by prioritising the development of apprenticeship places. The fact that a record number of apprenticeship starts took place in 2010-11 is something to celebrate. For the record, in Witham we have had a 70% increase in the number of apprenticeship places over the past 12 months. I also praise Essex county council for its role in spearheading that. It has invested resources into apprenticeship places and is working with businesses to get young people into employment and training. That shows a clear dividing line between the failed policies of the last Labour Government and the positive steps taken by Ministers since May 2010.

Let us not forget Labour's lack of ambition on apprenticeships as they sought to herd people through university in a very much one-size-fits-all approach to post-16 and post-18 education. We heard lectures earlier from the Opposition Benches, which are now deserted, but Opposition Members are in no position to give lectures on boosting economic growth or tackling unemployment because, as we heard in the debate, youth unemployment rose by over 40% under their watch. That is why the 400,000-plus new apprenticeship starts last year stand as a real tribute to the exceptional efforts of the Minister for Further Education, Skills and Lifelong Learning, who has worked tirelessly to deliver rapid increases in the number of apprenticeship places being offered to young people and the unemployed across the country. They are new opportunities to develop skills, enhance their experience and progress into long-term employment.

I should declare an interest, as I was recently delighted to welcome the Minister to my constituency on a visit to see the outstanding work being undertaken by an organisation called Lota Training to secure apprenticeship places for young people. It specialises in apprenticeships places and works hard with many local businesses of all shapes and sizes. It is innovative and creative in looking at new ways of working with business and creating more opportunities. During his visit he heard about the good work Lota is doing and about the partnerships it is forging not only with local businesses, but with firms in the City of London and large international companies to provide opportunities across the country, which is to be commended.

In the minute remaining, I would like to refer to small businesses, because about 83% of local jobs in my constituency are in the private sector and in small and medium-sized businesses. That figure is about 15% higher than the national average. As you will know, Mr Speaker, Essex is a highly ambitious and entrepreneurial county that is full of small business people. There is no doubt that they are keen to create new jobs, but they have found it difficult to take on more apprentices over the past few years, which is why I welcome the positive

[Priti Patel]

measures that the Minister outlined today. I certainly look forward to seeing more of my local businesses thrive, prosper, grow and, importantly, provide many more opportunities to young people through apprenticeship schemes.

9.36 pm

Ms Karen Buck (Westminster North) (Lab): We have enjoyed a thoughtful debate this evening with contributions from both sides of the House that have stressed Members' real concern, and interest in, apprenticeships and the need to raise the skills base among young people and the general population. In particular, I congratulate Members on both sides who have taken on apprentices, with your support, Mr Speaker, and hope that that will encourage others who have vacancies to divert them to that purpose. *[Interruption.]* I apologise to the House—I have a terrible cold and my throat keeps catching.

We heard some thoughtful contributions from Opposition Members. The hon. Member for Strangford (Jim Shannon) asked where the strategy was for linking youth unemployment to apprenticeships. My hon. Friend the Member for Liverpool, Walton (Steve Rotheram) spoke from personal experience about apprenticeships and warned about the impact of the cuts in the construction industry and the extent to which they might choke off opportunities for young people in that important sector. My hon. Friends the Members for Inverclyde (Mr McKenzie), for Sheffield Central (Paul Blomfield) and for Scunthorpe (Nic Dakin) all made pleas for making better use of public procurement powers, which is a message I would also like the Minister to take away. My hon. Friend the Member for West Bromwich West (Mr Bailey), who chairs the Business, Innovation and Skills Committee, and others mentioned their fears about the extent to which adult in-work training programmes are branded as apprenticeships—I will touch upon this in my contribution—in the context of the abolition of Train to Gain. Although in-work programmes offer important skills training to older people, they are not exactly what many of us consider to be apprenticeships.

When the Minister made his contribution at the start of the debate, he used poetry and spoke from the heart, and I genuinely believe that he has a passion for apprenticeships and for providing an alternative to the traditional academic and higher education route, particularly for young people. That message was reinforced by the overwhelming majority of contributions we heard this evening. That was at the heart of the report on 14 to 18-year-olds' education by Professor Wolf, who stressed the importance of expanding the number of high-quality apprenticeships that offer genuine career progression to young people. We are all as one in saying that apprenticeships are of equal value and provide an alternative and equally important route for young people through post-16 education.

The Labour Government made substantial progress on that issue, as well as on increasing—quite rightly, and for which I make no apology—the number of young people who went into higher education. In the globalised economy in which we operate, it is absolutely essential that we do not tip the balance the other way and underplay the importance for many of our young people of a university education.

We quadrupled the number of apprenticeships to 279,000, and those who make much of the additional apprenticeships that the coalition Government have introduced have not stressed the context of the abolition of the future jobs fund, which was intended to provide 200,000 jobs for young people; the rise in youth unemployment, which is now at its highest level since comparable records began in 1992; or the rise, by 140,000, in the number of young people not in education, employment or training. The Minister spoke of the number of NEETs being 925,000 in 2009, but that figure now exceeds 1.1 million.

The additional apprenticeships that are being provided—and they are being provided; that is not in doubt—must therefore be seen in the context of the rise in demand and need, particularly among young people, and the abolition of the future jobs fund. Alongside that, young people have also borne the brunt of many other Government cuts, which have had an impact on their ability to access and make better use of skills and training. Those cuts range from the abolition of the education maintenance allowance to the scrapping of Connexions, access to face-to-face careers advice and youth work and mentoring services, which were also an important signpost for such skills and training.

Overall, as many Opposition Members have said, while the economy is flatlining employers and, especially, small employers are unlikely to respond with apprenticeships, employment or work training on the scale that we would like. A recent Federation of Small Businesses survey showed that only 8% of the small businesses surveyed had taken on an apprentice in the previous year, and that is a particular concern, because we know from labour force survey statistics that in the past more than half of apprenticeships were based in businesses with fewer than 50 employees.

We welcome the Government's incentive scheme, which I hope will be effective, because it certainly needs to be in the economic context in which we operate, but I add my voice to those asking the Government to review as soon as possible the incentive payment's concentration only on those businesses with fewer than 50 employees, as we also want to put a great deal of stress on the role of medium-sized organisations—those with between 50 and 149 employees—in creating employment.

The £1 billion youth jobs fund that the coalition is delivering via the Work programme is also a cause for concern, because it is unlikely to have any impact on the delivery of apprenticeships to young people, so I hope that it too will be reviewed. Money and effort are being concentrated on a Work programme, but we need to ensure that it delivers apprenticeships, too.

Almost all Opposition Members who spoke stressed that the growth in apprenticeships, of which Government Members have made so much, has not delivered for young people in the way it has for their older counterparts. That masks a genuinely worrying position for young people. In 2009, the final year of the Labour Government, 42% of apprenticeship starts went to those aged under 19; in 2010-11, that figure had fallen to 29%. In 2009, 41% of all starts went to 19 to 24-year-olds, and that figure had fallen to 31% last year. That is genuinely concerning. Given the crisis of youth unemployment,

we need to make absolutely sure that the opportunities out there are going to young people who need them.

In the context of the abolition of Connexions and the reduction in funding and access to a face-to-face careers service, it is also important that the young people most in need of accessing apprenticeships have the knowledge and support to be able to do so. In the past few months, I have had extensive first-hand experience of working with young NEET children who need access to apprenticeships and training. They have so little ability to be guided to the opportunities that exist, and that is worrying. The issue of confidence among young people without good qualifications is critical; it is no good simply relying on access to the internet and telephone advice lines. Even for those who are able to use those, making that first contact requires a mentor—a guide and someone to advise them. Without that, I fear that those who most need support will be those least able to access it.

Members have spoken about pre-apprenticeship training, which I would also like to emphasise. About 10% of young people not in education, employment or training have been in that situation for a year or more. They are a core group about whom we should be most concerned. Such an experience, at that stage in life, can be absolutely devastating to a young person. As the Minister is aware, many of those young people have not got GCSE C grades in English and maths, in particular. The problem is that because there is such competition for the apprenticeships that now exist, particularly among young people who have been through a university education, young people without a GCSE find it very hard—in some cases, impossible—to get on the first rung of the apprenticeship ladder.

Although additional skills training within the apprenticeship programme is welcome, we need to make sure that we are not locking out some of the young people with particular needs. That issue has been raised with me by the apprenticeship training agencies, which are very concerned about the issue. It is particularly worrying because a young person who has perhaps done all right at GCSE, but not got a C grade in maths or English, will be required to retake before they even get on to the apprenticeship programme. That can be difficult and challenging.

I have been impressed with the work of my local regional apprenticeship training agency with young NEETs. Some of its outcomes are very impressive: 90% of its apprenticeship starts involve young people who are not in employment, education or training. All its apprenticeships starts are new placements, not conversions, and 99% of them are in the 16-to-24 year-old age group. However, there is a worry that the Government are not making such good use of the resources and skills that such agencies provide. It would be helpful if the Minister confirmed that client hosts of apprenticeship training agencies will be included as beneficiaries of the £1,500 apprentice incentive schemes. Will the Minister meet representatives from the new Confederation of Apprenticeship Training Agencies to discuss that?

In conclusion, we welcome an expansion of apprenticeships. Any good news, money or resources in the field are welcome and need to be supported. However, given the issue of access to the additional places, there is still a real risk that young people are being left on the shelf. We look to the Government not only to congratulate themselves on a higher number of apprenticeships overall but to address more effectively how to respond to the national emergency engulfing so many of our young people.

9.48 pm

The Parliamentary Under-Secretary of State for Education (Tim Loughton): This has been a good-humoured and well attended debate at a time when the press would have us believe that we are all on beaches taking holidays. There has been a good degree of unanimity, and I thank hon. Members on both sides for some incisive and shockingly well informed contributions. The debate has also been competitive: people were competing not only over who had the greatest increase in apprenticeship numbers, but over how few qualifications they got at school, how early they left school and how they never got anywhere near university or any form of higher education. Some had also experienced redundancy; that is good practice for when election time comes.

This debate is a great tribute to the enormous amount of constituency experience that all hon. Members have spoken about regarding the projects in their own constituencies. That is what we are doing in the time we are not in this place, if only the media would pay some attention. It is really refreshing to see the whole House agree on the importance of the apprenticeship programme in offering a valued and valuable route for young people who want to work while getting training that can support their careers.

It is always difficult, Mr Speaker, as you know better than many, to follow my hon. Friend the Minister for Further Education, Skills and Lifelong Learning, whose opening speech was steeped in, or positively intoxicated by, his perspicacity, his articulation, his sagacity and his commitment. He will no doubt be very pleased that during his short departure for the dinner hour, in which he is no apprentice, I agreed to a great number of visits to various constituencies, including that of the shadow Minister, the hon. Member for Westminster North (Ms Buck), who will be more than delighted to take up the offer.

Let me make it clear that this Government are absolutely determined to make the apprenticeship programme as effective as possible for as many young people as possible. We want to expand the programme and drive up quality across the board. I take this opportunity to repeat my hon. Friend's appeal in inviting hon. Members to take on their own apprentices and get involved in national apprenticeship week from 7 February.

Many employers and apprentices are telling us that young people are not receiving enough information in schools about vocational pathways in general, including apprenticeships, or that the information they do receive is not of a good enough quality. From September 2012, the Education Act 2011 will place a new duty on schools to secure access to independent, impartial careers guidance for pupils in school years 9 to 11. Subject to consultation, this will be extended down to year 8 and to young people aged 16 to 18 in schools and further education settings. Under the duty, careers guidance must be impartial, it must be provided in the best interests of the student, and it must offer information on all 16-to-18 education or training options. The new duty makes it a specific requirement to provide information

[Tim Loughton]

on the benefits of apprenticeship options. I encourage anyone with a specific concern to contact my hon. Friend the Minister, along with any applications for visits, and bring it to his attention.

Given the quality of the contributions that we have heard, I will go through those rather than stick to the script. That always alarms officials, but let us give it a go. My hon. Friend the Member for Stevenage (Stephen McPartland), who had a 73% increase in apprenticeships in his constituency, talked about young people hungry to learn and achieve. His comments on the welding skills college demonstrated how well our colleges are responding to the new freedoms that we have given them and rising to the challenge in this respect.

The hon. Member for Sheffield Central (Paul Blomfield) spoke about the low numbers of small businesses that have so far taken up apprenticeships. That was raised many times by hon. Members, and it is very important. In response to his point about public procurement, my hon. Friend the Minister has taken up that issue with gusto. He is introducing a kite mark for Government suppliers who have embraced the apprenticeship programme and is providing more information for Departments in their procurement programmes. In addition, ministerial champions are promoting apprenticeship in the context of public procurement campaigns. All those points were well made and, characteristically, my hon. Friend had already anticipated them.

The hon. Member for Solihull (Lorely Burt), who had a 53% increase in her apprenticeships locally, asked for details of the £1,500 bonus. Those will be forthcoming early in the new year; perhaps she, too, would like to book a meeting with my hon. Friend the Minister.

The hon. Member for West Bromwich West (Mr Bailey), who is Chairman of the Select Committee and who had a 64% increase in apprenticeships in his constituency, made the very good point that quality is the all-important factor. This must be about providing enhanced employability to those who have undertaken apprenticeships, but we must also get value for money. As for the legacy of Train to Gain, a 60% deadweight cost was attached to that programme, so we now have one that is much better value for money.

My hon. Friend the Member for Selby and Ainsty (Nigel Adams) has had a 67% increase in apprenticeships; the figures in his constituency speak for themselves. He spoke of the importance of getting good increases at level 3 and of good literacy and numeracy skills; that is why English and maths must be up to a good GCSE standard.

The hon. Member for Scunthorpe (Nic Dakin), who has had a 55% increase in apprenticeships in his constituency, mentioned the parliamentary apprenticeship scheme and the importance of impartial, independent careers advice.

My hon. Friend the Member for Dudley South (Chris Kelly), who has had a 67% increase in apprenticeships, offered himself as the Kelly visiting services for any company in his constituency that has taken on apprentices. He spoke with great experience as his own family business has long taken on apprenticeships, before it even became fashionable.

The hon. Member for Liverpool, Walton (Steve Rotheram) grudgingly acknowledged the 65% increase in apprenticeships in his constituency. He, too, spoke from experience as somebody who has been an apprentice and who became an instructor. He again raised the important issue of procurement.

My hon. Friend the Member for Crawley (Henry Smith) has had a 70% increase in apprenticeships. It was as though he was name-checking his Christmas card list of businesses, which he did with enormous aplomb and without notes. He mentioned Virgin Atlantic, which runs very worthwhile high-tech apprenticeship schemes in aircraft engineering in his constituency. The hon. Member for Inverclyde (Mr McKenzie), another former apprentice, mentioned the determination of young people to succeed.

My hon. Friend the Member for Pudsey (Stuart Andrew), who has had a 67% increase in apprenticeships in his constituency, boasted that he had been unemployed. He spoke about the self-worth, values and socialising skills that such schemes give people. He reminded us that youth unemployment is not a new phenomenon, but that it started going up drastically from 2004.

In response to the hon. Member for Strangford (Jim Shannon), my hon. Friend the Minister for Further Education, Skills and Lifelong Learning assures me that he has been in constant talks with the devolved Administrations over these schemes. As the hon. Gentleman said in relation to educational achievements in Northern Ireland, there are things that we can learn from each other. We need to share and disseminate best practice.

My hon. Friend the Member for Gosport (Caroline Dinenage) made a very good point about the Babcock training centre. She also spoke about getting apprentices into schools to ensure that pupils know what apprenticeships are about. There is almost an apartheid system whereby one either goes to university or does not go to university. However, there are many worthwhile and often lucrative options in between. We need to ensure that our young people have those options before them as early as possible.

My hon. Friend the Member for Burton (Andrew Griffiths) boasted that with a 68% increase in apprenticeships, he was the winner in the raffle of training opportunities. He was wrong, because my hon. Friend the Member for Battersea (Jane Ellison) has had an increase of 109% in her constituency. My hon. Friend the Member for Burton also boasted that he had not been to university, but perhaps a little more maths experience would not go amiss. He, too, invited my hon. Friend the Minister for Further Education, Skills and Lifelong Learning to visit, because apparently the principal of Burton and South Derbyshire college is eager to embrace him. I hope that he has long arms and I warn him that my hon. Friend is not partial to continental kissing.

My hon. Friend the Member for Tiverton and Honiton (Neil Parish) has had a 38% increase in apprenticeships in his part of the world. He spoke about SMEs and the low rate of take-up. That is something that we must get on to. He also talked about how high tech agriculture has become—this debate is not just limited to the traditional manufacturing industries.

My hon. Friend the Member for Milton Keynes South (Iain Stewart), who has had a 71% increase in apprenticeships, mentioned what a strong role MPs have to play. I echo that. We can all do a good job of getting our local businesses to engage with this programme.

My hon. Friend the Member for Morecambe and Lunesdale (David Morris)—I am determined to get through all the hon. Members who spoke—has had an 81% increase in apprenticeships in his constituency. He made the important point that the inflexibility of health and safety constraints can be a deterrent to people getting more involved in the apprenticeships programme.

As I said, my hon. Friend the Member for Battersea has had an increase of 109% and is the winner this evening. I confirm that my hon. Friend the Minister has been liaising with the deputy mayor on the programmes that she mentioned. The Mayor of London, Boris Johnson, who I hope will also be the next Mayor of London, has thrown himself into the apprenticeships programme.

My hon. Friend the Member for Weaver Vale (Graham Evans) also boasted about leaving school early and not going to university. He reminded us that youth unemployment did not start under this Government.

My hon. Friend the Member for Plymouth, Sutton and Devonport (Oliver Colvile), who has had a 41% increase in apprenticeships, rightly spoke about aspiration and how we need to take basic skills into the workplace.

My hon. Friend the Member for Cleethorpes (Martin Vickers), who has had a 41% increase in apprenticeships, went to university at the age of 48 and studied politics. He did not tell us whether he passed, but he ended up here anyway. He made a practical point about enterprise zones and the funding of apprenticeships.

My hon. Friend the Member for Gloucester (Richard Graham)—plus 35%—is a trailblazer of the parliamentary apprenticeship scheme, and he mentioned practical measures such as apprenticeship fairs and DVDs to promote apprenticeships.

My hon. Friend the Member for South Swindon (Mr Buckland), who has had a 48% increase in apprenticeships, talked about the mismatch between skills and jobs, and again gave examples of great stuff that is going on. My hon. Friends the Members for South East Cornwall (Sheryll Murray)—plus 10%—and for Witham (Priti Patel), with plus 68%, also gave good, practical examples. This has been an excellent debate, so well done—

10 pm

Motion lapsed (Standing Order No. 9(3)).

PETITION

NHS Services in Blackpool South

10 pm

Mr Gordon Marsden (Blackpool South) (Lab): I have the pleasure and honour of presenting to the House a petition of more than 1,000 people from Blackpool South.

The petition states:

The Petition of residents of Blackpool South,

Declares that the Petitioners are concerned that the Government's Health and Social Care Bill, with its proposed changes to the NHS, will adversely affect NHS services for residents across Blackpool South.

The Petitioners therefore request that the House of Commons urges the Government to amend the Health and Social Care Bill so as to secure existing levels of funding and service provision for NHS patients in Blackpool South.

And the Petitioners remain, etc.

[P000994]

Mental Health Unit (Burton)

Motion made, and Question proposed, That this House do now adjourn.—*(Michael Fabricant.)*

10.1 pm

Andrew Griffiths (Burton) (Con): I thank you, Mr Speaker, for allowing this important debate today. Although this issue may not be big news nationally, it is incredibly important for the people of Burton and east Staffordshire. If we want to make Parliament more relevant and debate the issues that matter to people, debates such as this one, which is about a key local facility, will do a great deal to enhance the House's reputation for being in touch with real people and their concerns.

I speak about the Margaret Stanhope centre, a very important mental health facility that is much loved and valued in Burton, east Staffordshire and south Derbyshire. South Staffordshire primary care trust is consulting on the closure of the centre, which would mean the loss of 18 acute beds and eight elderly care beds in the facility.

I have been a Member of Parliament for some 18 or 19 months now, but I have not seen an issue that has united people in the way that the campaign to keep open the Margaret Stanhope centre has. At this point, I should like to pay tribute to two gentlemen who are in the audience today, Dr Matt Long and Mr Gerald Chatfield. They have been at the forefront of the SOS—"Save our Stanhope"—campaign, and they have worked diligently and tirelessly to bring the threat of the closure of the Margaret Stanhope to the attention of people in Burton.

I should also mention the invaluable contribution of the *Burton Mail*, a well respected local newspaper that covers both east Staffordshire and south Derbyshire. It has led the campaign and represented the views of local people extremely well having brought the matter to their attention. I pay particular tribute to the reporter Adrian Jenkins, who has doggedly sought out the facts, and Mr Kevin Booth, who, in his time as editor of the *Burton Mail*, has turned it into a campaigning newspaper that is properly representative of local people.

The PCT has failed to take account of the grave impact that closing the Margaret Stanhope centre will have on mental health provision across Staffordshire and south Derbyshire. Losing those 18 acute beds and eight elderly beds will leave us with 20 acute beds and 11 elderly beds at the George Bryan centre in Tamworth, and a further 50 acute beds and 26 elderly beds at the St George's hospital in Stafford, giving a total of 70 acute beds and 37 elderly beds for the whole area covered by the South Staffordshire PCT. I have done some research into this issue, and I have come across an important report that the Audit Commission produced in March last year. That report looked at the provision of mental health in-patient beds at 46 mental health trusts across the country, giving a snapshot of a large number of mental health providers up and down the country. That evidence showed that the median number of beds per 100,000 people was 27.5, yet in south Staffordshire, which has a population of 606,100, we currently have 88 acute beds.

I was rebuked by the Minister earlier for not having very good maths—*[Interruption]*—the Minister in the previous debate—but I have done the maths and I have had it checked. It shows that the figure for south Staffordshire equates to 14.5 per 100,000. Why should my constituents—people covered by the South Staffordshire PCT in east Staffordshire and across Stafford—be satisfied with the provision of less than half the median number of beds provided to other constituents and residents across the country? My residents think that that is simply not acceptable and they are saying no to that provision.

Jim Shannon (Strangford) (DUP): I congratulate the hon. Gentleman on bringing this matter to the Chamber. Has any consideration been given in his investigations to the impact on the families of those who would be in those beds, but who suddenly do not have them and will now be at home? What will happen with care in the community for them?

Andrew Griffiths: The hon. Gentleman makes a valid point, which I hope to come to later in my speech. He has served his community well over many years and he properly understands the needs of families, particularly the most vulnerable in our society.

Removing those beds from the Margaret Stanhope centre will bring the median down to 11.5 per 100,000 people, compared with the median of 27.5 across the country. That is putting lives at risk, and we are not prepared to put up with it in east Staffordshire.

The Audit Commission report also talked about occupancy rates, saying that the median occupancy rate across those 46 trusts was 90%. I requested the occupancy rates from South Staffordshire PCT—I think it took five weeks to winkle, or drag them, out of the PCT. I was provided with the figures for April 2010 to August 2011. I examined them and found that, with the beds at the Margaret Stanhope centre still in place, the occupancy rate across the PCT was 87%.

Dr Julian Lewis (New Forest East) (Con): This debate gives me such a sense of déjà vu, because a few weeks ago I initiated a debate about how Southern Health NHS Foundation Trust, which has a bed occupancy rate of over 90%, wants to close 35% of its acute beds. Like my hon. Friend, it took me a long time to get the statistics from the trust. When I asked for them to broken down in a different way, the breakdown showed twice as many beds being vacant as the first lot of calculations did. In other words, the trust has not got a clue what its own statistics add up to, yet it is intent on closing beds. Accurate statistics must be central to any consideration, and I think that my hon. Friend and I ought to go and see the Minister about this, if he would be willing to see us.

Andrew Griffiths: My hon. Friend makes an incredibly important point. He has been vociferous in campaigning on behalf of his local residents—as I am attempting to do—and I share his concerns. None of us is a backwoodsman, and none of us wants to ignore the facts, but the facts that are being presented to us by the PCTs are not the facts. When we dig down and look at the assertions that the PCTs are making, they simply do not add up. I shall give the House further evidence of that later.

For the six months during which we were able to examine the occupancy rate, we found that it was already more than 90%. In June 2010, it exceeded 100%, yet the

PCT is telling us that it can safely remove those 18 beds from Margaret Stanhope with no impact on mental health provision in my community. I simply do not accept that.

Heather Wheeler (South Derbyshire) (Con): I congratulate my hon. Friend on securing the debate and getting the Minister here to listen to it. I also want to praise the campaigning work of Dr Long, Mr Chatfield and the *Burton Mail*. My constituency of South Derbyshire is a neighbour of east Staffordshire, and we do not have a hospital. My constituents have to travel either to Derby or to Burton, and my southern villages are covered by the South Staffordshire PCT, which is why my hon. Friend and I have come together on this important issue. It is outrageous that one of the excuses that the PCT is putting forward is that people want care in the community. What people want is respite care, and that is why it is so important that the unit should stay open.

Andrew Griffiths: My hon. Friend has been brilliant and steadfast in standing alongside me in my attempt to keep open this valuable facility, and I pay tribute to her for that.

Time is moving on, and I want to get to the facts. We extrapolated what the occupancy rates would have been if the Margaret Stanhope centre had been removed. We found that there would have been an average of 113%, and that in June 2010, it would have been 130%, which is a third more than the 100% that I just mentioned. The PCT tries to argue that in-patients can be cared for in their own homes, but I can prove that that is simply not tenable. In an interview in the *Burton Mail*, the consultant psychiatrist to the PCT, Abid Khan, who is also the clinical director of adult mental health services at the South Staffordshire and Shropshire NHS Foundation Trust said that he had reduced in-patient stays "by a third". That is a direct quote. He also cited an independent report undertaken by Staffordshire university.

As my hon. Friend the Member for South Derbyshire (Heather Wheeler) will know, that same report was cited at a passionate public meeting held at the Pirelli stadium in Burton. The report stated that the crisis resolution team could reduce in-patient stays by a third. I asked to see that report. It was also requested by Dr Matt Long, and, after a great deal of fighting, Dr Long managed to get hold of it. We discovered that, far from being independent, it had been produced by Professor Eleanor Bradley, who works not only for Staffordshire university but for the NHS trust. The PCT was claiming that the report was independent, yet it had been produced by someone who was on its payroll. Abid Khan talks about the one third reduction in patient stay, yet when we examine the figures we find that stays over 91 days have been reduced from 39 to 23 days—a reduction, even according to my maths, of about a third—but those between two days and 90 days, which are the vast majority, went down from 524 to 518, a reduction of only six. One-day admittance went up from 48 to 50.

The PCT claims in aid an independent report that is not independent, which states that in-patient stays were reduced by a third, when it is clear that they were not. The PCT expects people to accept the closure of this much-loved facility on the basis of dodgy figures. I put it to the Minister that a PCT cannot be allowed to conduct a consultation in this way, because the consequences are too dangerous to contemplate.

My hon. Friend the Member for Strangford (Jim Shannon) has spoken about the impact on families. We all know that families are hugely important in helping people back into mental health well-being and can act as a huge tonic and support. For those who have to go to St. George's in Stafford, it is a 27-mile trip one way. *[Interruption.]* My hon. Friend the Member for South Derbyshire says from a sedentary position that there is no bus from South Derbyshire. That is true. It is 47 minutes by car from Burton. It is an hour on the train, costing £13.50 for a return ticket; then there is a seven-minute bus ride, costing a further £3.50, and a seven-minute walk. A family member wanting to visit a son or daughter, a husband or a wife would face a two and a half hour round trip. It would cost £117 a week or £470 a month. These are some of the most vulnerable people in society, but the PCT thinks it can overcrowd the beds, force people to travel those distances and still provide mental health care that is adequate. I say no—and, more importantly, the people of Burton and South Derbyshire say no.

As a result of the work of Dr Long and of the *Burton Mail*, 7,500 people have signed a petition to keep the Margaret Stanhope centre open. I have cross-party support for my efforts. East Staffordshire borough council passed a resolution in which every single member united in support for the Margaret Stanhope centre, with Labour councillor standing next to Conservative councillor and the mayor of East Staffordshire, Patricia Ackroyd, manning the battle lines in cold, wet and miserable weather to get people to sign the petition.

I want to make one last point that relates to other services. We all know that people experiencing mental breakdown can often be a danger to themselves or to others. We recognise that the police are at the forefront of dealing with people—it might be a small number—who experience the most acute breakdowns. People often break down in the middle of the night and at the most inconvenient times; they can be a danger to themselves and a danger to their families. Currently, if the police are called to someone at 2 am or 3 am on a Friday or Saturday night, they will try to calm the person as best they can and take them to the Margaret Stanhope centre because they know that the person will get the proper care and support that they need.

I believe that if the Margaret Stanhope centre closes, the police will be faced with two options. Two police officers—they have to travel in pairs—will have to travel all the way to Stafford or Tamworth to drop off a vulnerable person and then come all the way back, which will probably take them out of action for two or three hours. Even worse, however, a vulnerable person might be put in a police cell overnight until the crisis team can come to them. We cannot allow vulnerable people in acute mental breakdown to spend a night in the cell. That is simply not acceptable.

I am hugely grateful, Mr Speaker, for the opportunity to bring this debate to Parliament. I know—I had a text earlier from someone saying, "Andrew, will you straighten your tie?"—that people are watching this debate on television in Burton. I know that there is interest in the issue, because I know that the people of Burton and South Derbyshire care passionately about it. The Margaret

[Andrew Griffiths]

Stanhope centre has saved lives. It has rebuilt lives. People throughout my constituency owe a debt of gratitude to the magnificent people who work in this institution, and I owe it to them—and the House owes it to them—to ensure proper consideration.

I will leave the House with the words of one of my constituents, who came up to me on one of those mornings when we were collecting signatures in the high street in Burton in the pouring rain. She said that she had had cause to go to the Margaret Stanhope centre, and that when it happened she was married and had two children. She did not know where she was when she arrived at the centre. She did not know whether she would live through the day, and she did not know whether she wanted to live through the day. But she now knows that the care and compassion of the people in the centre, and the love and support of her family who were able to visit her every day, allowed her to rebuild her life, to go back to society and to work, and to go back to being someone of whom her family could be proud.

It is people such as that whom we are here to support today. I hope that the Minister will accept that, and will help us in our campaign to keep the Margaret Stanhope centre open.

10.21 pm

The Minister of State, Department of Health (Paul Burstow): I congratulate my hon. Friend the Member for Burton (Andrew Griffiths) on securing the debate and on making his points so clearly on behalf of his constituents. I also congratulate him on demonstrating why Adjournment debates are so important: they give Members in all parts of the House an opportunity to bring issues to the attention of the public, and also to serve their constituents by bringing issues to the House in a way that requires Ministers to be accountable.

I am aware, from what my hon. Friend has said this evening also from my preparation for the debate, of the strength of feeling in my hon. Friend's constituency. I noted his description of the contribution made by his local newspaper, the *Burton Mail*, in leading the campaign at local level. The 7,500 signatures to the petition that have been collected so far are an impressive indication of the extent of public support and concern.

Let me say a little about the national policy context, some of which I have said on other occasions. In February this year we published our mental health strategy, "No health without mental health", which I commend to Members in all parts of the House and, indeed, to my hon. Friend's constituents. Let me now make two specific points. First, we expect the treatment and care of patients to be provided in the environment that is most appropriate and therapeutic for the patient. Acute beds should of course be available for those who need them, and those in charge of services should always consult on the needs and wishes of patients when making decisions about community or hospital-based treatment. Indeed, 10,300 new patients with an early diagnosis of psychosis were engaged with early intervention in psychosis services this year, the largest number ever recorded.

A number of Adjournment debates in recent weeks have raised the issue of data on bed occupancy and the definitions on which they are based. I will not undertake to arrange a meeting, but I will undertake to ensure that work is done in the Department, which I will examine, to establish how well the data are collected and how clear they are.

Dr Julian Lewis: I am very satisfied with the Minister's offer, but may I suggest that the Audit Commission—the only organisation that seems to produce reliable figures—has a chance to look at what we have discovered in our trusts? As I have said, the figures that are given to us are not reliable where I am, and, as I have heard tonight, they are not reliable where my hon. Friend the Member for Burton (Andrew Griffiths) is either.

Paul Burstow: I will certainly try to ensure that the data sets that we have are robust, although the future of the Audit Commission is perhaps a moot point in tonight's debate.

Let me now deal with the local situation outlined by my hon. Friend the Member for Burton and, in particular, the proposals relating to the Margaret Stanhope centre. It is important to stress that the proposals are currently the subject of public consultation, notwithstanding some of the concerns about the process that have been outlined.

Andrew Griffiths: I thank the Minister for speaking so well about our concerns, but we have little faith in the PCT and the way in which it has conducted itself in this consultation. A rumour is gathering pace in my constituency and locally that the PCT is now going to extend the consultation period past next month's closing date, for perhaps another three or six months. I and many of my constituents believe that would be a cynical attempt to buy time in order for the furore to die down so that the PCT can plough on regardless of public opinion. Does the Minister agree that as all the facts are now on the record, the PCT must make a decision on the facts as presented and the time scale as already laid out?

Paul Burstow: I will certainly give some further consideration to that. I am not sure that I am in a position to give my hon. Friend the undertaking he wants tonight, but if new issues arise it is in the public interest to make sure they are properly understood. My hon. Friend has rehearsed a number of the key issues this evening, and although he is right that consideration is being given to extending the consultation period, that is not for quite as long, as he suggested. I believe the PCT has decided to extend it by three to four weeks. It must do that, as the public and my hon. Friend must have confidence in the process. I am sure that he will understand that in responding tonight what I cannot, will not and must not do is come down on one side or the other on the options being canvassed in the consultation or express a preference as to its outcome. As he will know, there are clear requirements in law in respect of significant service changes that ultimately allow for reference to the Secretary of State, and I must avoid fettering the discretion the Secretary of State might in due course have to exercise.

Staffordshire Local Involvement Network—the LINk—is overseeing this consultation, and it has facilitated sessions after the presentations at public meetings. It has not

involved anyone from either the PCT or South Staffordshire and Shropshire Healthcare NHS Foundation Trust. The LINk will also oversee the analysis of the consultation, to ensure its results are presented objectively. There is an independent element, therefore. I hope that goes some way towards reassuring my hon. Friends who have spoken tonight.

Travel has been mentioned in passing, and it is an important issue. When PCTs and service providers consult on service reconfigurations of this sort they must properly consider travel times, distances and journeys. I am pleased to note that, certainly in terms of the environmental impact assessment, those matters have been brought into play, although I await to see from the outcome of the consultation whether they have been sufficiently brought into play.

The local NHS would say that the consultation is about the future direction of in-patient services in the area and further strengthening community services. We must remember that this consultation is not only relevant to mental health in-patient services in Burton, but that it covers Tamworth and Stafford as well.

Although the concerns raised tonight have rightly focused on the Margaret Stanhope Centre, the important wider issue of improving community mental health services must be kept in mind. That is why I come back to the concern about the impact of reducing the number of beds available in the area. There is a dispute between the NHS locally and my hon. Friend about whether that will retard local services' ability to meet legitimate needs, or whether more investment in community services will meet those needs.

This has been an important debate because it has allowed my hon. Friend to set out clearly and cogently his concerns. The consultation is not yet concluded and there will now be some additional weeks in which further views can be gathered. Clearly, the campaign being run by the *Burton Mail*, with the support of many of my hon. Friend's constituents, will be a factor that the PCT will need to take into account when making its decisions. I am sure that the health overview and scrutiny committee will also want to be satisfied when it draws its conclusions about whether the results of the consultation are safe and sound, and whether it supports a model that does posit the notion that there are many mental health circumstances where the mental health needs are better and more appropriately met in the community, although there is also a need to ensure that there is always a robust in-patient response where that is necessary.

With that, may I take the opportunity to wish you and others in this Chamber the compliments of the season, Mr Speaker? I thank my hon. Friend for raising these matters and I will come back to him on any details that I have not addressed this evening.

Mr Speaker: I thank the Minister for his good wishes, and they are warmly reciprocated.

Question put and agreed to.

10.30 pm

House adjourned.

House of Commons

Tuesday 20 December 2011

The House met at half-past Eleven o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

BUSINESS BEFORE QUESTIONS

LONDON LOCAL AUTHORITIES BILL [*LORDS*] (*BY ORDER*)

Further consideration of Bill, as amended, opposed and deferred until Tuesday 17 January (Standing Order No. 20).

LONDON LOCAL AUTHORITIES AND TRANSPORT FOR LONDON (NO.2) BILL [*LORDS*] (*BY ORDER*)

TRANSPORT FOR LONDON (SUPPLEMENTAL TOLL PROVISIONS) BILL [*LORDS*] (*BY ORDER*)

Second Readings opposed and deferred until Tuesday 17 January (Standing Order No. 20).

Oral Answers to Questions

DEPUTY PRIME MINISTER

The Deputy Prime Minister was asked—

Lobbying

1. **Bill Esterson** (Sefton Central) (Lab): What discussions he has had on the definition of lobbying. [87251]

The Parliamentary Secretary, Cabinet Office (Mr Mark Harper): The hon. Gentleman will know that we plan to bring forward our proposals for consultation in the new year, and this will no doubt be one of the subjects on which we will seek and receive views.

Bill Esterson: Does the Minister agree that businesses in this country should be lobbying the Government to go back to the negotiating table in Europe to get what is best for British business, jobs and living standards?

Mr Harper: That was a very contrived question. Our proposals on lobbying are very sound. On the European question, I think that the general public agree with what my right hon. Friend the Prime Minister did. There is no conflict between standing up for Britain and ensuring that we are involved in every meeting in Europe and fighting for British interests. We saw the outcome of that in yesterday's excellent statement on the Fisheries Council.

Jo Swinson (East Dunbartonshire) (LD): Section 8.16 of the 2005 ministerial code required Ministers to record specific details of meetings with outside interest groups, including lobbyists. Does the Minister agree that reinstating that requirement would be a positive move for lobbying transparency, and that it was a mistake for the then Prime Minister to get rid of it in 2007?

Mr Harper: I thank the hon. Lady for her question. She will know that we have made some changes to the ministerial code. For example, when Ministers in this Government leave office, they will not be allowed to lobby the Government for two full years afterwards. That is a new proposal that was not in place under the previous Government. If it had been, they might not have had some of the problems that they did.

Mr Wayne David (Caerphilly) (Lab): I note what the Minister says about the Government's plans to bring forward proposals for a register of lobbyists, but I want to ask the Government whether they work to the Buddhist calendar. On 2 November, he stated that the Government would publish their proposals before the end of November. Can we take his announcement today any more seriously than that one, or should we take all Government announcements with a large pinch of seasonal salt?

Mr Harper: The hon. Gentleman and his party ought to be a little careful on this subject. We are not going to take any lessons from them, because they did absolutely nothing about this for 13 years. As my right hon. Friend the Prime Minister said last week, when we bring forward our proposals early in the new year, we will have done more on this in 18 months than the Labour Government did in 13 years.

Mr James Gray (North Wiltshire) (Con): No one would disagree that there should be no place in this building for improper access or influence; that is obviously the case. Does the Minister agree, however, that there is a problem of definition? Perfectly legitimate charities and other organisations are lobbyists, even though they are not paid to lobby and do so on their own behalf. Will he therefore be careful about defining precisely what a lobbyist is, and take care not to throw the baby out with the bathwater?

Mr Harper: My hon. Friend makes a good point. Our constituents lobby us every day of the week about legitimate issues, for example. We must be careful to take these matters forward sensibly, which is why we are going to bring forward our proposals for consultation to ensure that we get this right and that we do not inadvertently stop our constituents and others raising important issues with us.

Electoral Registration (Armed Forces)

2. **Mr David Hamilton** (Midlothian) (Lab): What steps he is taking to ensure that armed forces personnel are registered for postal and proxy voting at the next general election as part of his plans for individual electoral registration. [87252]

The Deputy Prime Minister (Mr Nick Clegg): We are committed to helping service personnel to register and cast their votes. Service voters who are on the register

before the move to individual electoral registration will remain registered until their service declaration expires, up to five years later. We also plan to extend the administrative timetable for UK parliamentary elections, which means that there will be a lot more time for service voters to return postal votes from overseas. We will also make it easier for them to apply for a proxy vote if they are deployed at very short notice before an election.

Mr Hamilton: I thank the Deputy Prime Minister for that answer. The number of service personnel serving abroad who were registered to vote increased from about 36% in 2005 to 48% in 2008. At the last general election, in 2010, there were only 294 proxy votes and 240 postal votes from the 9,000 members of the armed forces based in Afghanistan. What is the Deputy Prime Minister going to do to ensure that the speed at which he is moving on this issue does not isolate our armed forces in Afghanistan?

The Deputy Prime Minister: First, let me pay tribute to the previous Government for the very good work done to help servicemen and women in Afghanistan to make sure that they can participate fully. There was a real step change there, and we have continued with that for the elections of May this year. Registration levels seem to be improving. A survey conducted last year by the Defence Analytical Services Agency indicates that 75% of service personnel are registered to vote, which is well up on the figures of a few years before. We are moving in the right direction, but we will, of course, continue—not least by taking the measures I mentioned—to improve it further.

Mr Philip Hollobone (Kettering) (Con): What plans does the Deputy Prime Minister have to extend the time between the close of nominations and polling day to enable long-distance postal voters, such as our loyal servicemen and women in the armed forces, to cast their ballot?

The Deputy Prime Minister: We are indeed lengthening the timetable for UK parliamentary elections from 17 days to 25 days, which gives us just over an extra week to allow people overseas—whether they be in the armed services or elsewhere—to return their postal votes in good time.

Electoral Register

3. **Tom Blenkinsop** (Middlesbrough South and East Cleveland) (Lab): What discussions he has had with the Secretary of State for the Home Department on the potential effects of an incomplete electoral register on tackling crime. [87253]

The Deputy Prime Minister (Mr Nick Clegg): I have had no specific discussions with the Home Secretary on this issue. As the hon. Gentleman knows, the Government are doing everything they possibly can to ensure that the register is as accurate and complete as possible, which will continue to deliver benefits—not just for elections, but in helping to tackle crime.

Tom Blenkinsop: Why is the Deputy Prime Minister making it easier for prisoners to vote, but harder for the police to track criminals on the outside by removing the civic duty to register?

The Deputy Prime Minister: We are not removing the civic duty, as I think the hon. Gentleman knows. It is not an offence at present not to register to vote. We are maintaining the offence that is on the statute book whereby there is an obligation for people to provide information about voters in their household. That is being kept intact. As to the hon. Gentleman's first point about the link between the register and crime, the Credit Services Association recently supported the move towards individual electoral registration, saying:

> "We believe that the proposed approach will lead to a reduction in financial crime, in particular fraud. In our view any proposal that will result in a reduction of financial crime is to be welcomed."

Mr Speaker: Mark Lancaster. Not here.

Electoral Participation

5. **Andrew Selous** (South West Bedfordshire) (Con): What steps he is taking to increase participation in elections by service and overseas voters. [87255]

The Deputy Prime Minister (Mr Nick Clegg): As I mentioned, the Government have published draft legislative provisions to extend the timetable for UK parliamentary elections from 17 to 25 working days. As I said, that will have real benefits for overseas electors and service personnel stationed outside the United Kingdom. We are also looking specifically at the best way to make improvements to the current voting arrangements for service personnel serving overseas.

Andrew Selous: Those who are prepared to die for their country should be given every opportunity to decide who governs their country, so what proportion of service voters are now registered to vote in comparison with the population as a whole?

The Deputy Prime Minister: As I said, the latest figures taken last year by the Defence Analytical Services Agency indicate a sharp increase to 75% of service personnel now registered to vote. That is up from 69% in 2009 and 60% in 2005.

Mr Kevan Jones (North Durham) (Lab): I am pleased that the Deputy Prime Minister recognises the efforts made by the previous Government to encourage servicemen and women to register to vote. What he should be looking at, however, is whether those people could vote by internet. Most have access to it—at Camp Bastion and other bases around the world—so this would increase participation.

The Deputy Prime Minister: It is always worth looking to see whether we could use or deploy e-voting. As the hon. Gentleman probably knows, it poses some serious security issues. It has been looked at in the past and we will continue to look at it. The hon. Gentleman shakes his head, but most people who have looked at internet voting feel that there is a real issue about whether it can be done in a secure and safe way. As I say, we will continue to look at it.

Roger Williams (Brecon and Radnorshire) (LD): Gurkha soldiers have had their terms and conditions improved vastly in recent years, but while they fight and die for this country they do not have the opportunity to vote in our parliamentary elections. Will my right hon. Friend investigate whether this can be corrected?

The Deputy Prime Minister: Clearly the Gurkhas will enjoy the same right as everyone else who makes the United Kingdom their home to vote for Governments in this country.

Dame Anne Begg (Aberdeen South) (Lab): I hope that the Deputy Prime Minister is not tempted to do away with proxy votes, given that he is lengthening the time between the close of nominations and elections. It is not just servicemen or overseas voters but my constituents who work offshore for whom postal voting is not an option, and they really do need a proxy vote.

The Deputy Prime Minister: I strongly agree. In fact, we are seeking to accelerate the provision of proxy votes for those who are deployed briefly just before a general election, so that servicemen and women who are deployed at short notice are not caught out by the rules and can use proxy votes.

Lobbying

6. **Jim Sheridan** (Paisley and Renfrewshire North) (Lab): What discussions he has had on the definition of lobbying. [87256]

The Parliamentary Secretary, Cabinet Office (Mr Mark Harper): I refer the hon. Gentleman to my answer to question 1.

Jim Sheridan: May I pump the Minister a little, and ask whether it is part of Government thinking to require companies to register the costs of lobbying in their annual accounts, either directly or indirectly?

Mr Harper: If I remember rightly, that was proposed by my Liberal Democrat colleagues when they were in opposition, and the entire parliamentary Labour party voted against it, including, I suspect, the hon. Gentleman. If he will be a little patient and wait for our proposals in the new year, he will be able to satiate his curiosity.

Miss Anne McIntosh (Thirsk and Malton) (Con): I hope that, in defining lobbying, the Minister will recognise that it is a perfectly traditional means of trying to ensure that a good Bill is passed. Some of the worst Bills have been passed when both the main parties have agreed. Will the Minister also ensure that any lobbying by a particular trade union will fall within the definition?

Mr Harper: I am yet to present a Bill that has had the support of both the Government parties and the Opposition, and I look forward to the opportunity to do so. However, my hon. Friend has made an important point. Lobbying—in other words, the setting out of concerns by businesses, charities, and our constituents—is a perfectly sensible activity. Indeed, legislation is worse when we do not listen to the outside world, and we do not want to damage that position. I hope that when we present our consultation paper, my hon. Friend will find it acceptable. We look forward to what she, and other Members in all parts of the House, have to say about it.

Mr Speaker: Mr Gary Streeter is not here. I call Katy Clark.

Individual Electoral Registration

8. **Katy Clark** (North Ayrshire and Arran) (Lab): What assessment he has made of the potential effects of the introduction of individual electoral registration on the 2015 boundary review. [87258]

The Parliamentary Secretary, Cabinet Office (Mr Mark Harper): I do not expect our proposals for individual registration to have any effects. As I have said from the Dispatch Box on many occasions, we are as focused as ever on accuracy and completeness, and I therefore do not expect the new arrangement to cause any problems for the boundary review. We are working incredibly hard to ensure that the 2015 register will be in good shape.

Katy Clark: Surely the Minister accepts that the Electoral Commission's finding that about 6 million people are missing from the register must cast doubt on the data that are being used for the boundary review.

Mr Harper: That study was, of course, paid for by the Government, because we wanted to find out what state the electoral register was in before introducing individual electoral registration. It suggests that those who complacently thought that the register was already in good shape may need to think about that a little more, and also that our proposals, which include data matching and improving registration, are urgently required and will make the register better.

Mr Speaker: Bob Blackman is not here. I call Dr John Pugh.

House of Lords Reform

10. **John Pugh** (Southport) (LD): What recent progress he has made on reforming the House of Lords; and if he will make a statement. [87260]

The Deputy Prime Minister (Mr Nick Clegg): A Joint Committee of both Houses is currently scrutinising the Government's White Paper and draft Bill, which we published last May. The Committee is making good progress, and today the other place is debating a motion proposing an extension enabling it to report by 27 March next year.

John Pugh: Does the Deputy Prime Minister agree that if we have an unreformed and larger House of Lords and a smaller House of Commons in 2015, with the payroll vote constituting a larger percentage, it will be a huge step backwards for democracy in this country? We cannot take an à la carte attitude to constitutional reform.

The Deputy Prime Minister: I do not think that there is anything à la carte about the White Paper and the draft Bill and the scrutiny to which they are being

subjected by a Joint Committee. Indeed, I do not think that there is anything à la carte or arbitrary left in a debate that has been raging for more than 100 years. I think that it would be a big step forward for democracy if we were finally to secure elections to a Chamber which, let us remember, makes the laws of this land, but is as yet not directly legitimate and accountable, through the ballot box, to the people of this country.

Sadiq Khan (Tooting) (Lab): May I ask the Deputy Prime Minister for some clarity on his party's views on House of Lords reform? If he is able in this Parliament to get his proposals through for a second Chamber that is 80% elected with peers serving one term of 15 years, will his party still want in a future Parliament to remove the remaining 20% of appointed peers and bishops so that we have a fully elected second Chamber?

The Deputy Prime Minister: As the right hon. Gentleman knows, I and my party start from the simple principled point that, in common with many other bicameral systems around the world, it is sensible to have both Chambers directly legitimised by—

Sadiq Khan: Fully?

The Deputy Prime Minister: Yes, of course fully; I support a fully elected second Chamber. The right hon. Gentleman's party achieved precisely 0% of election to the other Chamber. I modestly suggest that if we achieve 80%, that will be better than 0%.

Dr Daniel Poulter (Central Suffolk and North Ipswich) (Con): The Deputy Prime Minister will be aware that the greatest barrier to reform of the other place exists in the other place. Will he be prepared to use the Parliament Act, if necessary, to drive through this very important reform and to bring greater democratic accountability to the democratic process?

The Deputy Prime Minister: As the Prime Minister himself has said, the Government will support this Bill as they support any Bill. That is in the coalition agreement: there is an unambiguous commitment that we will pursue this Bill as forcefully as we can. That means that the Parliament Act would be invoked in the normal way, if it were to come to that, but I hope that it will not. I hope we will be able to build consensus across all parts of the House in favour of meaningful reform. That is precisely why the work of the Joint Committee, which will report by the end of March next year, is so important.

Natascha Engel (North East Derbyshire) (Lab): Is not the Deputy Prime Minister just rushing in again, rather than waiting for the House of Lords Joint Committee to report? He is already giving us his opinions on what he is going to be doing. Why does he not wait for the Joint Committee to publish its report before giving us his opinions on it?

The Deputy Prime Minister: I cannot hide my opinions about reform of the House of Lords. It has been debated for well over 100 years. We have been perfectly open about this. We have published a White Paper, which was generated in part by discussions involving input from all major parties in the House. We have left a number of options open in that White Paper, including whether we should have 100% or 80% directly elected and the precise method of election. I hope the Joint Committee will be able to shed some light on those issues when it reports at the end of March next year.

Topical Questions

T1. [87266] **Nigel Mills** (Amber Valley) (Con): If he will make a statement on his departmental responsibilities.

The Deputy Prime Minister (Mr Nick Clegg): As Deputy Prime Minister, I support the Prime Minister on a full range of—*[Laughter.]*

Mr Speaker: Order. We all want to hear the answer.

The Deputy Prime Minister: As I was saying, I support the Prime Minister on a full range of Government policies and initiatives, and within Government I take special responsibility for this Government's programme of political and constitutional reform.

Nigel Mills: Over the years, we have introduced more than 1,000 tax reliefs, ranging from the vital to the obscure. Why is the Deputy Prime Minister so opposed to tax relief that supports marriage?

The Deputy Prime Minister: My own view is reflected in the coalition agreement, where this issue is among a number of others on which the coalition parties make an explicit agreement to disagree. That is because of a philosophical difference. I believe the state should be cautious about seeking to use the tax system to encourage people to take what, at the end of the day, are very private and emotional decisions about whether or not they should get married.

Sadiq Khan (Tooting) (Lab): Mr Speaker:

"we must do everything we can to avoid a great big split in the European Union…That's bad for jobs and growth in this country."

That is what the Deputy Prime Minister said before the European summit. We now have a great split. Does he think the Prime Minister was right to put party interest before national interest?

The Deputy Prime Minister: I am not going to rake over the results of the summit. The crucial thing is what we do now as a country, and on that issue there is absolutely no difference between the Prime Minister and myself or the two coalition parties. We are totally committed to full engagement in the European Union. Why? Because, as some business leaders set out very clearly in a letter this morning in *The Daily Telegraph*, 3 million people's jobs directly depend on our place in what remains the world's largest borderless single market, in our European backyard.

Sadiq Khan: The Deputy Prime Minister cannot answer a simple, straightforward question. I will give him a chance again: does he think the Prime Minister was right?

The Deputy Prime Minister has also said that the Prime Minister's actions at the EU summit have left the UK in an "isolated position". As you will be aware, Mr Speaker, the justification the Liberal Democrats

give for propping up this Conservative-led Government is to act as a restraining influence. Well, they have failed on tuition fees, they have failed on legal aid, they have failed on the NHS, and now they have failed on Europe. Does the Deputy Prime Minister believe that the Prime Minister should re-enter negotiations and get a better deal for Britain? If he does, what is he doing about it?

The Deputy Prime Minister: The right hon. Gentleman refers to the reasons why this coalition Government were created—it was to clear up the mess that his party left behind. It is not easy, what we are doing, but it is right. At the beginning of this year, his party had nothing to say about the economy—*[Interruption.]*

Mr Speaker: Order. The Deputy Prime Minister must, and will, be heard.

The Deputy Prime Minister: At the beginning of this year, the right hon. Gentleman's party had nothing to say about the economy. At least they are consistent: they are completing this year with still nothing to say about how to save our economy.

Mr Speaker: I call Toby Perkins. *[Interruption.]*

Toby Perkins (Chesterfield) (Lab): I am here.

Mr Speaker: I do not usually fail to spot the hon. Gentleman, but there we go.

T2. [87267] **Toby Perkins:** Members on both sides of the House are very concerned about the implications for local communities and community cohesion of the initial proposals from the Boundary Commission. Although I recognise the importance of getting the numbers between constituencies relatively similar, community cohesion is also really important. Will the Deputy Prime Minister reserve the right not to support the Boundary Commission proposals if they are considered against community—

Mr Speaker: Order. We must move on.

The Deputy Prime Minister: As the hon. Gentleman knows, the whole system has been devised so that it is not in the gift of politicians, still less the Government, to draw lines on the map to decide where these new boundaries are set; that is for the independent boundary commissions. There is a process of consultation and appeal, which is now ongoing. But I am glad he recognises that the principle is a perfectly valid one: that people's votes should be worth the same weight and esteem, wherever they live in this country.

T4. [87269] **Duncan Hames** (Chippenham) (LD): Wiltshire schools have long felt short-changed by funding allocations for education, so they will welcome the doubling of pupil premium moneys for our schools in Wiltshire to more than £5 million next year. Now that Labour councillors in Manchester have voted for the pupil premium to be scrapped, will the Deputy Prime Minister consider giving our schools next year some of the more than £80 million of pupil premium that their council has rejected?

The Deputy Prime Minister: The pupil premium, which by the end of this Parliament will be £2.5 billion of extra money to help schools that are educating children from the most challenging backgrounds, is a very powerful, progressive policy, and I am very proud that we have delivered it, as a coalition Government. We have been searching in vain for months to find out what the Labour party would actually cut in public expenditure. Now, we have the answer: Labour councillors want to cut the pupil premium that benefits some of the most deprived children in this country. That is progressive politics for you!

T3. [87268] **Mike Gapes** (Ilford South) (Lab/Co-op): Eighteen months ago, the Deputy Prime Minister and the Foreign Secretary went together to Germany, and they were met by the right-wing Liberal Foreign Minister of Germany, Guido Westerwelle, who was quoted as saying that he was pleased to meet his "closest friends" and "fabulous partners". The German Foreign Minister was in Britain this week. Did he meet the Deputy Prime Minister and the Foreign Secretary together here, and did they discuss whether they are still the closest friends and partners?

The Deputy Prime Minister: I did meet Guido Westerwelle, the German Foreign Minister, yesterday, as did the Foreign Secretary.

Mike Gapes: Separately or together?

The Deputy Prime Minister: The hon. Gentleman wants to know whether we met in the same room or not. Okay, we did not; we met separately. Hold the headlines, "Foreign Secretary and Deputy Prime Minister have separate meetings". Honestly, he is really scraping the barrel. We all agreed, as I explained earlier to the over-excitable right hon. Member for Tooting (Sadiq Khan), that it was very important that Germany and Britain should work together on deepening and widening the single market, and on promoting competitiveness and growth, upon which the jobs of millions of people depend in this country and elsewhere in Europe.

T7. [87272] **Henry Smith** (Crawley) (Con): In the context of House of Lords reform, will the Deputy Prime Minister say whether consideration has been given to a form of representation for British overseas territories in a revised second Chamber?

The Deputy Prime Minister: This is not something that has been looked at as closely as my hon. Friend would perhaps wish. We have set out our ideas in the White Paper. As I said earlier, they are now being subject to scrutiny by the Joint Committee, and the Government will make their final views known shortly thereafter.

T5. [87270] **Ann McKechin** (Glasgow North) (Lab): Does the Deputy Prime Minister agree that any future referendum held in the United Kingdom or in any part of it should be carried out under the supervision of the Electoral Commission? If so, what is he going to do to ensure that?

The Deputy Prime Minister: Clearly, any referendum needs to be held in a way that enjoys public trust and is fair and objective, on whatever subject and in whatever part of the United Kingdom.

T11. [87278] **Graham Evans** (Weaver Vale) (Con): Will the Deputy Prime Minister join me in welcoming the agreement between the Government and the trade unions on public sector pensions? It shows that the Government have been prepared to listen and negotiate successfully with trade unions to get a deal that is fair for everyone?

The Deputy Prime Minister: My right hon. Friend the Chief Secretary to the Treasury will be giving a statement on this matter immediately after Question Time. I am very pleased that a heads of agreement has been reached between the Government and trade unions under all four schemes, not only because it ensures the Government's objective of putting public sector pensions on to a financially sustainable footing, but, much more importantly, because it means that millions of people working in the public services, whether in our schools, in our hospitals or in local government, will now be assured, at a time of great uncertainty, that they will have among the very best pensions in this country for years and years to come.

T6. [87271] **Alun Michael** (Cardiff South and Penarth) (Lab/Co-op): I want to ask the Deputy Prime Minister about his new year's resolutions. The Leader of the House has reminded all Ministers of the following:

"When Parliament is in session the most important announcements of Government policy should be made, in the first instance, to Parliament."—[*Official Report*, 5 December 2011; Vol. 537, c. 73.]

Given that, and given that the Deputy Prime Minister is one of the worst offenders, will he make it his new year's resolution to behave himself in future?

The Deputy Prime Minister: I do not need a new year's resolution to be reminded that it is important to behave oneself at all times.

T12. [87279] **Simon Hart** (Carmarthen West and South Pembrokeshire) (Con): Will the Deputy Prime Minister confirm that if charities are to be covered by the register of lobbyists, their donors will be properly protected, because many give anonymously for very good reason?

The Deputy Prime Minister: As the Parliamentary Secretary, Cabinet Office, my hon. Friend the Member for Forest of Dean (Mr Harper) explained earlier, the consultation will be published in the new year. I hope that my hon. Friend the Member for Carmarthen West and South Pembrokeshire (Simon Hart) will find satisfactory answers to his questions in the course of that consultation.

T8. [87274] **Ms Karen Buck** (Westminster North) (Lab): Returning to the issue of electoral registration, does the Deputy Prime Minister believe that the proportion of the population registered to vote will be as high or higher at the end of the individual registration process as it is now?

The Deputy Prime Minister: Of course we will work very hard to make sure that that is the case. The hon. Lady will know—this is a source of concern for everybody—that, because of research that the Government commissioned from the Electoral Commission, the latest statistics show that about 85% to 87% of people were registered on the electoral register as of last December, which compares with about 93% to 95% 10 years earlier, in 2000. So something went dramatically wrong in the last decade when her party was in government; more and more people fell off the register. Our register is now roughly at the same level of completeness as that in Northern Ireland, which is why we must all work together to make sure that we get the details on individual electoral registration right.

Mr Peter Bone (Wellingborough) (Con): I wish the Deputy Prime Minister a merry Christmas, but if the Prime Minister was killed in a terrorist attack, who would take charge of the Government? Will the Deputy Prime Minister confirm that it would not be him, as he leads a party that has less support than the UK Independence party?

The Deputy Prime Minister: I receive the hon. Gentleman's season's greetings in the spirit in which they were intended. As he knows, appropriate arrangements would be made in that very unfortunate event. I must say, however, that his morbid fascination with the premature death of his own party leader is a subject not for me, but for the Chief Whip.

T9. [87276] **Ian Murray** (Edinburgh South) (Lab): Senior high school pupils have just three and a half weeks remaining to submit their applications for university. Does the Deputy Prime Minister think that applications will rise or decrease, given his broken promise on introducing £9,000 tuition fees? What impact does he think that will have on social mobility?

The Deputy Prime Minister: What I, of course, hope is that as people focus on the reality and substance of the new system rather than the misleading polemic about it, they will come to appreciate that at the moment thousands of students on part-time courses, under the system introduced by the hon. Gentleman's Government, pay fees as students whereas under the new system no student will pay a penny of fees at all while they are studying at university. The method of repayment, which is in effect a form of time-limited graduate tax, is more progressive, not less, than the more regressive system that it seeks to replace.

Bob Russell (Colchester) (LD): According to *The Mail on Sunday*, MPs are on day five of our holiday. Does the Deputy Prime Minister agree that the statutory register of lobbyists ought to include a strict overview of a very shadowy organisation that puts itself forward as the TaxPayers Alliance?

The Deputy Prime Minister: My experience is that one should not believe much that one reads in the *Daily Mail* and *The Mail on Sunday*. The key point is that the consultation on the register of lobbyists will be issued in the new year and will seek to define what we mean by lobbyists and the rules that will then be applied evenly to all kinds of lobbyists.

T10. [87277] **Mark Lazarowicz** (Edinburgh North and Leith) (Lab/Co-op): We understand that the Deputy Prime Minister has been given responsibility by the Prime Minister for rebuilding bridges with our European partners. Will he tell the House how he intends to go about fulfilling that responsibility?

The Deputy Prime Minister: I can tell the hon. Gentleman one way in which I think it is incredibly important that we as a country should show leadership. On 27 January, there will be a European Union summit of all European Union countries aimed precisely at, in my view, the most important issue of all, which is how we boost competitiveness and growth within the eurozone and across the European continent. We, as a coalition Government, will come to that summit with some bold ideas about how we can increase growth, increase competitiveness and increase employment across the European Union and—yes—we will stay until the end.

Mr Andrew Turner (Isle of Wight) (Con): In September last year, the right hon. Gentleman told the House:

"We promised a new politics. Today is the day we must begin to deliver on that promise…We must put people back in charge."—[*Official Report*, 6 September 2010; Vol. 515, c. 44.]

Why was that true for the doomed referendum on the alternative vote but not for the public's view on Britain's relationship with the EU?

The Deputy Prime Minister: As he knows, we have legislated to make it quite clear—the Foreign Secretary has pioneered and led on this legislation—that if there were to be a major transfer of power from this House to Brussels and from the UK to the EU, there should absolutely be a referendum. We are the first Government to have guaranteed to the British people that if we give up more power to the EU, they will have their say. I do not think we could be more crystal clear than that.

Mr Speaker: I call Mark Tami. He is not here.

Mr Jack Straw (Blackburn) (Lab): The Deputy Prime Minister said earlier that there was no criminal sanction on individuals if they failed to register to vote. The only reason that is so is that the obligation rests on the householder, on whom there is a criminal sanction. Does the Deputy Prime Minister accept that as we move towards individual registration, Ministers must reconsider the proposal to allow opting out without any criminal sanction whatsoever?

The Deputy Prime Minister: I made it clear to the House on a previous occasion that we accept the arguments against providing an opt-out, and we will reflect that in the final legislation. On the quite tangled issue of what is, and what is not, an offence, the right hon. Gentleman is quite right that at the moment the offence applies not to registration, but to the provision of information on behalf of a household—in other words, to the obligation to provide information about other people in the household. It is not an offence at the moment not to register. He makes a valid point that is a valid subject for debate, and it was raised by the Political and Constitutional Reform Committee: under individual electoral registration, the obligation clearly falls more squarely on the individual, rather than on the so-called head of the household. We think that we need to proceed very carefully when it comes to creating new offences in this area, but we are, of course, prepared to listen, and will continue to do so.

Martin Horwood (Cheltenham) (LD): Will the Deputy Prime Minister welcome the remarks made by our fellow member of the European Liberal Democrats, Herr Westerwelle, who said that Britain would still be welcome at the very heart of European economic decision making, and that some of the concerns that we raised at the Brussels summit could still be addressed?

The Deputy Prime Minister: I strongly agree that the decisions taken at last week's summit were, at the end of the day, all about the fiscal and budgetary rules that accompany a country's membership of a currency union, but that does not, and will not, exclude our country from having the ability to continue not only to participate in, but to play a leading role in shaping policy and debates on the wider economic reform of the European Union as a whole. That is what we intend to show in the weeks and months ahead.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): What will the Deputy Prime Minister say over the Christmas period—I hope that he has a very good Christmas—about the many people in our country who are unemployed? A million young people, and many thousands of young graduates, are unemployed. What new thing can he whisper into the Prime Minister's ear so that we get this sorted?

The Deputy Prime Minister: First, I hope that people will be increasingly informed about the details of the youth contract, which will start in April next year—a new billion-pound programme that will provide 250,000 work experience places to any 18 to 24-year-olds who want to take part in a work placement scheme. It will also provide a new subsidy, worth about half the basic wage, to thousands of young people who are seeking employment. The key thing is that from April next year, under the youth contract, every single 18 to 24-year-old who cannot find work will have the opportunity to earn or learn.

Martin Vickers (Cleethorpes) (Con): May I return the Deputy Prime Minister to the issue of Lords reform? Like him, I support a 100% elected House. Often, when I read the deliberations of the Joint Committee on House of Lords Reform, I am concerned that there is a very negative view coming forward from a variety of Members. Does he have any view on the fact that a consensus is perhaps emerging, which might speed the passage of legislation?

The Deputy Prime Minister: I cannot find my notes on the latest social attitudes survey, which was published recently, but in it, public opinion was very clear: only 6% of the members of the British public surveyed supported the status quo—an unelected House of Lords. The vast majority wanted the House of Lords to be fully elected, partially elected, or even abolished. As for those who say that the issue is a minority distraction, I totally accept that there are many more important things weighing on people's minds at the moment—not least jobs, unemployment, and growth in our economy,

which remains our absolute priority—but the vast majority of people, when they stop and think about it, want a reformed House of Lords.

ATTORNEY-GENERAL

The Attorney-General was asked—

European Court of Human Rights

1. **Jeremy Corbyn** (Islington North) (Lab): What recent discussions he has had with the Secretary of State for Justice on reform of the European Court of Human Rights. [87241]

The Attorney-General (Mr Dominic Grieve): I have regular discussions with the Justice Secretary, during which we talk about a large number of issues of concern to both of us, including the reform of the European Court of Human Rights.

Jeremy Corbyn: Does the Attorney-General agree that the European Court of Human Rights and the European convention on human rights are very important safeguards of the rights and liberties of people all over the Council of Europe area, and that any diminution of British participation or support, or acceptance of the Court's rulings, would be damaging to the human rights of people in this country and would, of course, diminish the value of the Court, which is one of the great achievements of post-war Europe?

The Attorney-General: I entirely agree with the hon. Gentleman that both the Court and the convention are of great importance to the United Kingdom, and I also agree that it is important that the United Kingdom should play a full part in the work of the convention and the work of the Court. As the hon. Gentleman will be aware, we currently have the chairmanship of the Council of Europe, and during that time we are seeking to take forward and implement a reform programme for the Court which will enhance its efficiency and effectiveness and particularly enable it to address the vast backlog of cases that it is facing.

Sir Alan Beith (Berwick-upon-Tweed) (LD): Will Ministers seek to make allowances for Council of Europe members with strong legal traditions to ensure that the Court is an effective functioning court in which gross abuses of human rights do not wait in long queues behind cases that do not raise such important general principles?

The Attorney-General: Yes, the right hon. Gentleman is absolutely right about what we should be seeking to achieve. I can assure him that in trying to achieve our aims in the course of our chairmanship, we are looking very much to diplomatic initiatives which will bring us together with other partner states in carrying this agenda forward. We certainly cannot do it on our own, and the success of our initiative is entirely dependent on taking the other member states with us. I entirely agree with the right hon. Gentleman that the backlog of the Court is a serious issue. It means that people are waiting years simply to receive a five-line letter saying that their claim is non-admissible. That is deeply unsatisfactory, and at the same time admissible claims are taking a very long time to be heard.

Mr Denis MacShane (Rotherham) (Lab): I wish Ministers well in their work in trying to reform the Court, but is it not a fact that more than 100,000 of the backlog cases come from one country, Russia, because there is no rule of law and no confidence in courts there at all? So has the time come to consider seriously whether we should ask Russia to leave the Council of Europe until such time as its domestic legislation meets some of the minimal obligations of membership?

The Attorney-General: Membership of the Council of Europe and whether a country is excluded is not a matter for the United Kingdom on its own. The object of the convention is to improve standards throughout member states which are signatories. In fairness, the right hon. Gentleman may well accept that despite difficulties in many areas and with certain countries, standards are progressively being raised. Whether the backlog coming from Russia is quite as high as the right hon. Gentleman says I am not sure, but I think we can say that Russia makes a substantial contribution to the number of pending cases.

Stephen Phillips (Sleaford and North Hykeham) (Con): The current backlog stands at something of the order of 165,000 cases, and 127,000 of those, as I understand it, come from Russia. Given the proposals from the right hon. and learned Gentleman and the Justice Secretary for dealing with the reforms to the European Court, can he give the House some idea of how long that backlog will take to deal with?

The Attorney-General: Much depends on the outcome of the reform package that we might be able to implement. There are a number of things that need to be done. First, a very large number of those cases among the total of 165,000 are non-admissible. It is a question of processing them so that the individuals concerned can be told that their cases cannot be heard and the reasons for that. When it comes to the admissible caseload, the issue for the future—clearly, we have to clear the backlog—centres on subsidiarity and the extent to which the Court relies on national courts which are correctly implementing the convention to provide the solutions. This is one of the challenges, and in doing that we also have to recognise that for many countries the right of individual petition is very important.

Corporate Deferred Prosecution Arrangements

2. **Nic Dakin** (Scunthorpe) (Lab): What discussions he has had with the director of the Serious Fraud Office on the potential benefits of introducing corporate deferred prosecution agreements. [87242]

The Attorney-General (Mr Dominic Grieve): I have had a number of discussions with the director of the Serious Fraud Office about the potential benefits of introducing corporate deferred prosecution agreements. A great deal of very positive progress on this ongoing work has occurred in the past few months among the Law Officers Department and also the Ministry of Justice.

Nic Dakin: Will the Government's proposals apply to individuals as well as to corporate bodies?

The Attorney-General: Deferred prosecution arrangements can apply only in the case of corporate bodies.

Economic Crime

3. **Luciana Berger** (Liverpool, Wavertree) (Lab/Co-op): What discussions he has had with the director of the Serious Fraud Office on the need for further legislation to address economic crime. [87243]

The Attorney-General (Mr Dominic Grieve): I hold regular meetings with the director of the Serious Fraud Office where we discuss all aspects of the SFO's work, including the need for further legislation to address economic crime, such as on deferred prosecution agreements.

Luciana Berger: I wonder whether the Attorney-General has read the speech given by the director of the Serious Fraud Office, Richard Alderman, to University college London? In that speech he said:

"One suggestion that I have is whether the time has come for us to recognise that recklessly running a financial institution may be a ground for criminal liability."?

Does the Attorney-General agree with him?

The Attorney-General: As the hon. Lady will be aware, under the Bribery Act 2010, for example, the reckless running of a financial institution can already constitute a criminal offence. Whether that should be extended further in respect of corporations is a matter that the Government would have to consider carefully, as would the House.

Richard Fuller (Bedford) (Con): The Attorney-General might be aware that one of the areas of economic crime where legislation might be lacking relates to the financial crisis. Will he advise the House on whether his conversations have included or will include the potential for investigation of the tax affairs of chief executives and directors of failed financial institutions?

The Attorney-General: That would normally be a matter for Her Majesty's Revenue and Customs, not the Serious Fraud Office. However, the position of any prosecutorial authority is clear: if there is evidence of criminal conduct, it is in the public interest that it should be stopped and that those engaged in it should be punished if found guilty.

Katy Clark (North Ayrshire and Arran) (Lab): If the Attorney-General has not already done so, will he discuss with the Serious Fraud Office the possibility of bringing prosecutions arising out of the collapse of Farepak five years ago, when 120,000 people lost £38 million? If that is not possible, will he see whether it is possible to make legislative change to ensure that it does not happen again?

The Attorney-General: Such legislative change is a matter for another Government Department. On the question of prosecutions, I am not in a position to comment on an individual case. If the hon. Lady wishes to bring further details to my attention, I will certainly ensure that they are passed to the director of the Serious Fraud Office.

Mr Philip Hollobone (Kettering) (Con): Is my right hon. and learned Friend surprised and/or disappointed that there has not been a series of prosecutions for fraud of bankers following the recent financial crisis?

The Attorney-General: If a matter that requires investigation is brought to my attention and to the attention of the Serious Fraud Office, the Serious Fraud Office or other prosecutorial authorities will investigate it. The fact that there may have been a financial collapse does not necessarily mean that criminal offences have been committed.

Kelvin Hopkins (Luton North) (Lab): Tax evasion and tax fraud cost the Exchequer billions every year. If the Government are serious about reducing the deficit, would they not do better by chasing the tax evaders and tax fraudsters, rather than sacking public service workers and cutting public services?

The Attorney-General: If I may say so, that is rather a long way from the Serious Fraud Office. If the hon. Gentleman wants the statistics on the pursuit of tax evasion, I would be happy to provide them and write to him about it.

Undercover Police Operations

4. **Toby Perkins** (Chesterfield) (Lab): What plans he has to conduct a review on the disclosure of evidence obtained through undercover police operations. [87245]

The Attorney-General (Mr Dominic Grieve): I have no plans to conduct such a review. The Director of Public Prosecutions is taking action to improve how the Crown Prosecution Service deals with cases of this kind following the recent independent inquiry by the right hon. Sir Christopher Rose into the Radcliffe-on-Soar power station protest cases.

Toby Perkins: Has the Attorney-General made any progress in drawing up a memorandum of understanding for the sharing of information about the authorisation and activity of an undercover officer between the Crown Prosecution Service and the police?

The Attorney-General: The Director of Public Prosecutions has agreed to adopt the recommendations made following the recent independent inquiry by Sir Christopher Rose, which state that explicit guidance should be included in a prosecution team disclosure manual. The DPP has also confirmed that specific training on the proper handling of cases involving undercover officers will be given to all senior lawyers in the Crown Prosecution Service's central casework division and complex casework units and to the chief Crown prosecutors and any CPS staff who chair case management panels. Relevant guidance is already available to CPS lawyers on their obligations under the Criminal Procedure and Investigations Act 1996 and joint working will take place with the police to ensure that everyone understands where their responsibilities lie in the matter.

Mr Robert Buckland (South Swindon) (Con): On the issue of disclosure, will my right hon. and learned Friend ensure that he or the CPS thoroughly look into the circumstances in which a major and costly criminal trial involving allegations of police corruption collapsed recently in the Crown court at Swansea in order to ensure that lessons can be learned so that such mistakes relating to disclosure are not made again?

The Attorney-General: I can assure my hon. Friend that the Director of Public Prosecutions takes the collapse of that case very seriously indeed, and there will be internal inquiries and, I am sure, inquiries by the police into why it took place and the lessons that need to be learned from it. It is of course worth bearing in mind that, in terms of its history, it is very much a historic case, but that is no reason for any complacency about the lessons that we might be able to learn for the future.

Babar Ahmad

5. **Caroline Lucas** (Brighton, Pavilion) (Green): What recent discussions he has had with the Crown Prosecution Service on the case of Babar Ahmad. [87246]

The Attorney-General (Mr Dominic Grieve): I have had no recent discussion with the Crown Prosecution Service in relation to that matter.

Caroline Lucas: I should really like to understand what happened to the evidence in the Babar Ahmad case and, specifically, why the CPS apparently gave it directly to the United States without considering it first. Ministers have refused my written question on the matter, saying that it would "prejudice...proceedings", so will the Attorney-General explain why and tell us what bilateral agreements are in place to allow evidence gathered by UK police about crimes alleged to have been committed in the UK to be provided to the US authorities in cases considered for trial in the US, such as that of Babar Ahmad?

The Attorney-General: As the hon. Lady will appreciate, the case is live, and that is the reason—I have no doubt—why the CPS has been guarded about any response that it can give to her. She has raised a number of very specific questions, however, and I respectfully suggest that the best thing to do is for me to write to her and to try to answer the specific matters that she raised at the end of her question.

Tom Brake (Carshalton and Wallington) (LD): What role can the Attorney-General and the Government play in ensuring that there are no more Babar Ahmad cases?

The Attorney-General: I have to try to work out where the right hon. Gentleman's question is coming from, but the main complaint about the Babar Ahmad case is the length of time that it is taking. As he will be aware, proceedings started on 5 August 2004, and in this country proceedings, including the refusal of leave to appeal to the House of Lords, were completed on 6 June 2007. The problems and delays since then are in fact due to the European Court of Human Rights, and that ties in with my answers to earlier questions about the inordinate length of time that it takes to bring such cases to the European Court of Human Rights—with consequences, in the case of Babar Ahmad, that are plainly undesirable.

Emily Thornberry (Islington South and Finsbury) (Lab): The Attorney-General may have read on 11 December in *The Sunday Times*, as I did with some interest, that the Government will be

"asking British magistrates to examine detailed evidence involved in each case"

and bringing forward plans to allow judges

"to order a trial in Britain if they considered it would serve justice better."

Given that the House is committed to reforming extradition, are those the sort of changes that we are to expect, and when are we going to hear about them officially?

The Attorney-General: As the hon. Lady appreciates, the Home Office leads on the question of extradition. I indicated when I last took questions that the Government take the view that, first, they need to study the Scott Baker report, which they are doing, and then they will come to the House with proposals. I hope that that will be as soon as possible. In the meantime, I suggest to her that speculation in *The Sunday Times* is not always the best indication of Government policy.

Domestic Violence (Legal Aid)

6. **Lilian Greenwood** (Nottingham South) (Lab): What assessment he has made of the potential effects on prosecution rates of planned changes to legal aid for victims of domestic violence. [87247]

The Attorney-General (Mr Dominic Grieve): I have not made any assessment of the potential effects on prosecution rates of any planned changes to legal aid.

Lilian Greenwood: Does the Attorney-General agree with the Under-Secretary of State for Justice, the hon. Member for Huntingdon (Mr Djanogly) that a woman who has reliable eye witnesses, police and medical evidence, photos of injuries, has fled to a refuge and has a partner on a perpetrator programme should not receive civil legal aid to help bring her abuser to justice? If not, what will the Attorney-General do about it?

The Attorney-General: My responsibility is the superintendence of the Crown Prosecution Service for prosecuting those who are guilty of domestic violence, and the question of civil legal aid does not come into it one way or another.

Amber Rudd (Hastings and Rye) (Con): Will my right hon. and learned Friend confirm that the Government intend to waive the financial eligibility limits in cases whereby a person applies for an order for protection against domestic violence, such as a non-molestation or occupation order?

The Attorney-General: There again, sadly, I am afraid that I have to say to my hon. Friend that she has to direct that question to Ministers in the Ministry of Justice. I do not have a responsibility for civil legal aid.

Fiona Mactaggart (Slough) (Lab): In view of the anxiety that there will be fewer prosecutions of people responsible for domestic violence as a result of these changes, will the Attorney-General agree to report to the House, a year after the changes have come in, on the number of prosecutions before and after the changes?

The Attorney-General: I appreciate the hon. Lady's point, which is an important one. It is the view, and certainly the policy, of the Crown Prosecution Service that it will continue to prosecute cases of domestic violence and to give them a high priority, as I have said in this House on several occasions before. I would be very concerned if any of the other changes taking place in civil legal aid were to have an impact on that, but I have no reason to suppose from my discussions with the Director of Public Prosecutions that that is the case. The emphasis on prosecuting domestic violence remains a top priority for the Crown Prosecution Service.

Mr Peter Bone (Wellingborough) (Con): Many of the victims of domestic violence have been trafficked into this country for domestic servitude. What is the Government's view on providing legal aid to victims of human trafficking?

The Attorney-General: In so far as somebody may be a victim, they do not need legal aid. My hon. Friend will be aware that for victims of human trafficking who, in the course of human trafficking, may have technically committed offences, there is a protocol in place to ensure that they should not be prosecuted without very good reason. From that point of view, I do not see, in terms of my responsibilities for criminal justice, that their needing legal aid as victims comes into it.

Specialist Domestic Violence Courts

7. **Roberta Blackman-Woods** (City of Durham) (Lab): What recent assessment he has made of the effects on prosecution rates of specialist domestic violence courts. [87248]

The Attorney-General (Mr Dominic Grieve): Evaluations of specialist domestic violence courts in 2005 and in 2008 clearly demonstrated that SDVCs involving specialist domestic violence support services have contributed to improving prosecution rates as well as safety for domestic violence victims. There have been no further assessments since 2008.

Roberta Blackman-Woods: County Durham achieved specialist domestic violence court status in 2006, since when there has been a huge increase in the number of successful prosecutions for domestic violence. These courts have not only brought more perpetrators to justice but have achieved more appropriate sentencing. What guarantee can the Attorney-General give that those very positive outcomes will not be put at risk by cuts to the court services?

The Attorney-General: First, I entirely agree with everything the hon. Lady said. I pay tribute to the previous Government for the emphasis that was placed on this area when the SDVC system was set up. Although there is a court rationalisation programme that will impact on SDVC provision in 21 court houses in 22 systems, all courts affected have received guidance and support to ensure a smooth transition so that the revised courts will be able to provide the same quality of service. That is a commitment that the DPP and the CPS take extremely seriously. I very much hope that although some courts will have to close, the quality of service that is available at the courts that are open and to which transfers of the work are made remains of the highest quality.

Police Charging Responsibilities

8. **Graham Jones** (Hyndburn) (Lab): What charging responsibilities have been transferred to the police from the Crown Prosecution Service. [87249]

9. **Yasmin Qureshi** (Bolton South East) (Lab): Whether the Crown Prosecution Service plans to evaluate the effects of the transfer of responsibility for charging from the CPS to the police. [87250]

The Attorney-General (Mr Dominic Grieve): The transfer of charges from the Crown Prosecution Service to the police under the fourth edition of the DPP's guidance on charging was completed in June 2011. The following charging responsibilities have now been transferred to the police from the Crown Prosecution Service: summary-only matters where a not guilty plea is anticipated; criminal damage offences under £5,000 where a not guilty plea is anticipated and can be tried summarily; and Fraud Act 2006 and handling offences where a guilty plea is anticipated. There are certain exceptions that must continue to be referred to the CPS, which is currently undertaking an evaluation of the transfer that is expected to be completed early in 2012.

Graham Jones: Is the main reason for transferring the charging responsibility to save money, and how much money does the CPS expect to save?

The Attorney-General: No, it is not to save money. It was a question of whether the system could be operated more efficiently. Some anxiety was expressed when the pilots were commenced, but the evidence from the Crown Prosecution Service has overwhelmingly been that the system is working well. For that reason, we are happy to consider, on a pragmatic basis, rolling it out further. Ultimately, whatever charging decision is made, decisions on prosecution will remain with the CPS.

Yasmin Qureshi: Before I ask my question, I should declare that I was employed by the Crown Prosecution Service many years ago, that I have been instructed by the CPS as an independent barrister and that I have a family member who works for the CPS. In my area, Greater Manchester police are closing their files management unit, which prepares files for the CPS, so that the officers can be put on the beat. Coupled with the devolved powers to police officers, that has led to a deterioration in the quality of the files that are sent by the police to the CPS. Because of this money saving by the police, the CPS has ended up spending more resources and personnel on sorting out these cases, which should have been dealt with properly by the police.

The Attorney-General: If what the hon. Lady says is correct, it should not be happening. If she would like to give me the details of the particular office where this is occurring, the best thing that I can do is to have it looked into and write to her. I accept that all transitions can cause problems, but the CPS is clear that the basis for allowing these changes to go forward is that they will improve efficiency.

Public Service Pensions

12.36 pm

The Chief Secretary to the Treasury (Danny Alexander): With permission, Mr Speaker, I would like to make a statement on the reform of public service pensions.

Seven weeks ago I reported to the House that in an effort to secure agreement, the Government were making a new offer to public service workers. Despite some unnecessary interruptions, scheme negotiators have been working hard to reach detailed heads of agreement by the end of the year deadline that we set. It has not been an easy task, but the Government have demonstrated that they will not shy away from taking difficult long-term decisions in the nation's long-term interest.

We wish to see pensions for public service workers that are fair and sustainable, that provide dignity in retirement, and that are affordable for the workers and for taxpayers. That is why we committed in the coalition agreement to establish an independent commission to bring forward proposals for reform. Lord Hutton's magisterial report did just that. We have stuck closely to the recommendations of the former Labour Secretary of State for Work and Pensions.

The case for reform is self-evident. The average 60-year-old lives longer now than in the 1970s. That means that people are living in retirement for longer. The life expectancy of a 60-year-old was 18 years in the 1970s; that has risen to 28 years today. As a result, the cost of public service pensions has risen to £32 billion a year—an increase of one third over the last 10 years.

We have already made some changes that deal with short-term pressures, including changing the basis of pension uprating to the consumer prices index and increasing member contributions by 3.2 percentage points, phased over three years. Those proposals are unchanged. Next year's contributions increase is almost identical to that planned by the previous Government. The precise details of next year's increase have been set out by Departments. All increases are tiered by income to protect the lower-paid. The Government will review the impact of next year's increases, including on opt-outs and equality, before taking final decisions on how future increases will be delivered. Interested parties will have the opportunity to provide evidence and views to the Government.

I know that many Members of the House will be concerned about the pay and conditions of our armed forces. Let me be clear that members of the armed forces will continue to make no contributions towards their pensions and will be exempt from the increases announced at the spending review.

From the beginning of this process, we have committed to ensuring that public service pension schemes continue to offer a defined benefit pension that is based on the size of the worker's salary and is not dependent on the market performance of a fund. That is not available to most people in the private sector. From the beginning, we have been clear that all accrued rights will be protected in full, and that the taxpayer needs to be properly protected from the risks associated with further increases in life expectancy by linking the scheme normal pension age to the state pension age. In November, we improved the offer to a 1/60th accrual rate, which is an increase of 8%. That is available only in the event of agreement being reached. We also agreed to protection for those who are 10 years from retirement.

I would like to pay tribute to the Minister for the Cabinet Office, the TUC and the scheme negotiators on both sides for their efforts to reach agreement. I am pleased to report that heads of agreement have now been established with most unions in the local government, health, civil service and teachers' schemes. It will of course now be for union executives and memberships to decide their response.

The heads of agreement deliver the Government's key objectives in full, and do so with no new money since our November offer. In future, scheme pension ages will match the state pension age and schemes will be on a career average basis; all the agreements are within the cost ceiling that I set in November, and will save the taxpayer tens of billions of pounds over the decades to come.

Because heads of agreement have been reached, the better offer that I made in November has been secured by trade unions for their members, including the "no change" guarantee for workers 10 years from retirement. The heads of agreement also deliver a number of the key objectives set out by the trade unions during the talks. Negotiations on them are now concluded, and we and the unions agree that this is the best outcome that can be achieved by negotiation. It is the Government's final position, and we will bring forward legislation to the House in due course.

The full details of the heads of agreement in each scheme are today being set out in written statements by each Department. The key changes made are as follows. In the civil service, we have agreed to revalue each year's contributions by the consumer prices index rather than earnings, allowing an accrual rate of 1/44th to be offered. That will cost the same as our original offer, but with a configuration preferred by the trade unions. As a consequence, the new scheme will be very similar to the Nuvos scheme that is already available in the civil service, except that in future the normal pension age will be linked to the state pension age as it rises. It is therefore deeply disappointing that the Public and Commercial Services Union has rejected the heads of agreement and walked away from the talks.

I have previously made the point that the local government scheme must be treated differently because it is a funded scheme. The Local Government Association and the trade unions have agreed that the pension age in the new scheme will be linked to the state pension age, and their preference is to deliver a career average scheme. Further discussions will take place over the next three months to agree the details.

In the health scheme, we have agreed to a revised revaluation factor of CPI plus 1.5%, which will allow the accrual rate to be improved to 1/54th. In education, we have agreed to a revised revaluation factor of CPI plus 1.6%, allowing for the accrual rate to be improved to 1/57th, along with modest improvements to early retirement factors. All those heads of agreement are within the cost ceiling that I set out in November, but in a configuration preferred by the unions.

Discussions on police, armed forces, judiciary and fire service schemes have been a separate process from the start, and proposals will be brought forward in due course.

[Danny Alexander]

Let me turn to some other aspects of the deals. All the agreements include a cap on taxpayer costs at two percentage points above or below the scheme valuation. That cap is symmetrical, so employees will benefit if costs fall. As Lord Hutton made clear, with the other aspects of reform now agreed there is no reason to believe that, under normal circumstances, that cap will need to be used. It is there as protection for taxpayers and for workers if extraordinary unpredictable events occur.

In the course of the talks, unions have stressed the importance of ensuring that their members will continue to be able to receive the benefits of their scheme if it is outsourced. That is the purpose of the fair deal policy, the future of which we have been consulting on. Because we have agreed to establish new schemes on a career average basis, I can tell the House that we have agreed to retain the fair deal provision and extend access for transferring staff. The new pensions will be substantially more affordable to alternative providers, and it is right that we offer workers continued access to them.

In addition, the Government will consider what practical options might be available to reform the terms of access to the NHS pension scheme, in particular for NHS staff who move to a non-NHS "any qualified provider" delivering NHS services. *[Interruption.]* That is something that the trade unions have suggested, so hon. Members should keep quiet and listen. *[Interruption.]*

Mr Speaker: Order. The statement must be heard, and with courtesy.

Danny Alexander: Opposition Members never have any answers, so they chunter from the sidelines instead.

At the same time, by offering transferred staff the right to remain members of the public service scheme, we are no longer requiring private, voluntary and social enterprise providers to take on the risks of defined benefit that deter many from bidding for contracts in the first place. Replacing so-called bulk transfers of pensions with continued access to public sector schemes means that we continue to protect public service workers' pensions, manage the risk to the taxpayer and forge ahead with our ambitious plans for public service reform.

I have made the commitment that these reforms will be sustained for at least 25 years. The Government intend to include provisions on the face of the forthcoming public service pensions Bill to ensure that a high bar is set for future Governments to change the design of the schemes.

What does this deal really mean? For our work force, it means that they will continue to receive the best-quality pensions available in this country—and rightly so. In the private sector, these pensions could be bought only at a cost of one third of salary. This is a proper reward for a lifetime's commitment to serving the public. The new scheme is fairer to women too. By moving to career average, we will give a better pension in future to those, mainly women, who have low or steady salaries throughout their careers.

The Government have been clear that because we are living longer, public service workers must work a bit longer and pay a little more for their pensions. But in return we have also made an important commitment—that at retirement, those on low and middle incomes will get at least as good a pension as they do now. I can confirm today that we have met that commitment. For people who depend on our public services, it means that most unions will be asking their executives to lift the threat of further strike action while work is done to conclude the final agreement, and I hope that the remaining unions will do the same. For the taxpayer, it means that tens of billions of pounds extra that would have been spent on unreformed pensions over the next 30 years is now available for other pressing demands. These are reforms that significantly improve the long-term fiscal sustainability of this country, and reinforce the credibility of our fiscal stance.

The Office for Budget Responsibility will provide a forecast of the savings in its next fiscal sustainability report. For industrial relations, I believe this shows that it is possible to reach agreement through negotiation in good faith, based on clear objectives. That is the right way to approach relations between government and the trade unions. Sometimes the talks have been difficult, but it has been right to stay at the table. In these difficult times, it is important to show that people can come together to achieve genuine reform, preserving the best of the past, but recognising the realities of the future. This is a fair deal for public service workers, an affordable deal for the taxpayer, and a good deal for the country. I commend this statement to the House.

Rachel Reeves (Leeds West) (Lab): I thank the Chief Secretary for his statement. Families and businesses who rely on public services, as well as the millions of public service workers worried about their finances and their future, will be relieved to see that real progress is finally being made in these talks. Labour has been clear from the beginning that the Government and public service employees would need to find ways of adjusting to the welcome fact that people are living longer. We said in response to the Chief Secretary's previous statement on 2 November that any resolution to the dispute needed to be fair to taxpayers, fair to public service employees and genuinely sustainable for the long term, and that that would be endangered by a search for quick cash savings or the playing of party political games.

The vast majority of public sector workers, including dinner ladies, community nurses and police community support officers, retire on very modest pensions; moreover, they are already being hit hard by a pay freeze and worried about mounting redundancies. It was clear to us that tearing up decent public service pension schemes or imposing punitive and unaffordable contribution increases would be entirely counter-productive if it resulted in lower savings and inadequate retirement incomes that only left more people retiring into poverty, dependent on state benefits in their old age.

We will be looking at the detail of these proposals on the basis of the tests that we have set out. In particular, can the Chief Secretary offer clarification on the following points? Can he set out the timetable for further consultations and negotiations for each of the four schemes discussed today? When will he come forward with details for the police, armed forces, judiciary and fire service pension schemes? For each scheme, can he give us the new schedules for contribution increases across the schemes, the timetable according to which they will be introduced

and how he will ensure fairness and affordability for lower-paid employees, especially those who work part time?

For each scheme, can the Chief Secretary give us the new accrual rates and methodologies for uprating pensions, and say what the timetables for introducing them will be? What assessment has he made of the impact of the changes on the number of public sector employees opting out of the schemes, and the implications of that for future scheme income and viability, as well as future pensioner poverty and the demands on state benefits?

How will the Government ensure that older workers, especially those in physically demanding jobs, are not forced to work beyond a point that would be detrimental to their health, or their ability to do their job? What will the Government do to maintain the morale and engagement of public service employees doing vital work for our country at a time of falling real pay, heightened job insecurity and significant changes to their pensions? Although we are pleased that there is agreement on a fair deal, there is a genuine fear across the public sector that the Government intend to use that deal more as they privatise parts of our NHS and schools, as well as other parts of our public sector. Crucially, how will the Government make good on their promise to deliver a deal that is secure and sustainable for the next 25 years, so that in future we do not face the uncertainty, anxiety and disruption that we have seen over the past year?

The Chief Secretary has made much of Lord Hutton's review of public sector pensions. We have always said that Lord Hutton's report provided an important starting point for negotiations, and we have always recognised that change is needed. However, Lord Hutton has also stressed the need to approach these issues in a careful and balanced way, with particular care for the affordability of any additional contributions for lower-paid public service workers, and to avoid fuelling a race to the bottom on pension provision. However, the Government have made it much harder to make progress on many of Lord Hutton's sensible long-term recommendations by seeking to impose, prior to any negotiations, a steep 3.2% rise in contributions and a permanent switch in the way in which pensions are uprated—from the retail prices index to the consumer prices index—neither of which formed part of Lord Hutton's recommendations.

However, it is good to see that the Chief Secretary recognises that he needed to do more to address the genuine concerns about his plans over the last 10 months—concerns about the need to do more to protect lower-paid public service employees from unaffordable increases in contributions; about the need to reassure older employees worried about how long they will have to work; and about the need to ensure that people who dedicate their working lives to our public services can expect a decent income in retirement. However, it must be a matter of regret for everyone in this House that it took 10 months of stalemated negotiations and strike action that resulted in closed schools, cancelled operations and disrupted lives for families and businesses around the country, for us to reach this point, just five days before Christmas.

The last Government agreed and established a framework to negotiate reform and manage long-term costs; this Government chose to tear that up and take an aggressive and provocative approach to this serious and sensitive issue. For months the Government have refused to engage in constructive talks to address the issues concerning public service employees, engaging instead in unhelpful megaphone diplomacy. Major changes to public service employees' current contributions and future security have been announced without warning and imposed without negotiation. Last month's strikes could and should have been avoided. In short, the Government have displayed negotiating skills similar to those that we saw at the European summit, being more interested in going for the cheap headline than putting in the hard graft necessary to get an agreement that works for everybody.

Clearly the Government still have a lot of work to do over the next few weeks. Ministers and employers will need to clarify the details of their latest proposals, and trade unions will rightly want to inform and consult their members. Reaching a final agreement will be a difficult and delicate process, and we must hope that it is not jeopardised by provocative tactics or inflammatory rhetoric, as we have seen in previous months. We hope that further progress will be made and that early in the new year the Chief Secretary will be able to return to the House and report that a fair and sustainable agreement has been reached, and that we will not see further industrial action. That is what the Opposition want to see, and it is what the country wants to see as well.

Danny Alexander: I am not sure that the hon. Lady was listening to anything that I said in my statement, because I have already answered almost all the points that she raised. She certainly seems to have forgotten that this is the season of good will. She said that the Opposition's position was clear, but she did not say what it was. As she and her party have opposed most of the reforms, perhaps they should have the good grace to admit that they got it wrong. It is no doubt uncomfortable for the Labour party that many of its union paymasters have been willing to come to an agreement in the interests of their members—and, indeed, in the national interest.

Lord Hutton's contribution was significant; indeed, he is the only Labour Member—or former Labour Member—who has made a contribution. It is worth telling the hon. Lady that he welcomes the deals that we have announced today. She asked a question about the agreement put in place by the previous Government, so let me tell her what Lord Hutton said about that cap and share deal:

> "Cap and share cannot take account of the increases in cost of pensions over recent decades because people have been living longer. Also, untested, complex cap and share arrangements cannot of themselves, address the underlying issue of structural reforms, nor significantly reduce current costs to taxpayers."

That is why we could not rest with the position agreed with the previous Government.

The hon. Lady asked a few questions about the timetable. As I said in my statement, the timetable for reaching heads of agreement is finished. Negotiations on the heads of terms have finished, and as I said in my statement, those heads of terms are agreed by most unions in all schemes. That is a good result, which I hope she would welcome. The other schemes—for the judiciary, armed forces, police and so on—will be agreed in due course. For the firefighters the deadline is 20 January; for the police service the second round of the Winsor report, due at the end of January, will take forward that process.

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I think that the hon. Lady still opposes the increase in member pension contributions, but I have to tell her that, as a consequence of today's announcements, that is continuing. She asked a question about the relationship between accrual rates and revaluation factors. I listed the precise accrual rates and precise revaluation factors for each scheme in my statement; I do not propose to repeat them now, but they will certainly be available in *Hansard* later. As for older workers, one of the reasons why the trade unions favoured the relationship in question between accrual rates and revaluation is precisely that it works more strongly to the advantage of older workers. We will bring forward legislation, I hope in the next Session, that will include the changes that we want to make to ensure the 25-year guarantee.

The truth about this exchange, as with so many others, is that there are two parties on this side of the House acting in the national interest and one party on the other side that seems to find it increasingly hard to see even its own self-interest. While we on this side of the House are working together to build confidence in the future of the British economy, Labour Members are fighting with each other, as they lose confidence in their own leader. As a result of this statement, at least the hon. Lady can assure the Leader of the Opposition that if he falls on his sword there will be a good pension available to him. All that the British people will see is a party that has not a shred of economic credibility left.

Mr Andrew Tyrie (Chichester) (Con): By far the most important point in this statement—the one that the Chief Secretary touched on only briefly—is that it demonstrates to the markets that the Government will remain committed to sound public finance. Does that not stand in contrast to a number of eurozone countries, not least France, which are finding such measures extremely difficult to implement, and are paying the price in much higher debt service costs?

Danny Alexander: I hesitate to enter into any specific diplomatic disagreements of recent weeks, but my hon. Friend makes an essential point. The ability to negotiate such changes strengthens our fiscal credibility as a country, as well as the long-term sustainability of our public finances. To those who want to see that this Government are capable of making changes that reassure the markets and build confidence—not just in the short term, but in the medium term—this agreement is an essential building block. It is one that other European countries have not always been able to achieve—and again, it goes to show that this Government are making the right decisions in the national interest.

John McDonnell (Hayes and Harlington) (Lab): Is not the truth of the matter that even with this settlement, public sector workers will pay more, work longer and receive less, that the Government have bullied into submission a number of trade unions, and that those that refused to submit have not walked away from the talks but have been refused access to them? Does the Chief Secretary not accept that his role in all this is to destroy the industrial relations climate in this country, possibly for a generation?

Danny Alexander: The hon. Gentleman is wrong in everything he says. The fact that a coalition Government of Liberal Democrats and Conservatives have been willing, through a process of painstaking negotiation, to reach agreement with the unions on difficult decisions actually strengthens the industrial relations climate in this country. We now have a good, fair foundation for the relations between the trade unions and the Government; it is a relationship not between paymaster and servant but between two organisations working together to secure the best interests of their members.

Bob Blackman (Harrow East) (Con): Will my right hon. Friend confirm the number of trade unions that have reached agreement, and tell us what will happen to those public sector workers who are in unions that have not reached agreement? Their pensions are clearly under threat.

Danny Alexander: I think that there are 28 unions altogether, of which 26 have signed up to the agreement in principle, although it is fair to report that they now need to take the issues back to their members and executives. Unite has reserved its position in a number of areas, and the PCS has refused to sign up, which is deeply disappointing. In the teachers' scheme, all the unions were present at the discussions and have agreed in principle, although four unions have asked to reserve their position pending sight of the technical annexes that will accompany the heads of agreement.

Dame Anne Begg (Aberdeen South) (Lab): Has the Chief Secretary made an estimate of the number of people who will opt out of their pension scheme because of the increased contributions, leaving them with no pension cover whatever?

Danny Alexander: For anyone who wishes to have a pension, these are among the best pensions available. It would be right for people to stay in their pensions or to join them, and I hope that no Member of the House will encourage anyone to opt out of their pension on the basis of this agreement.

Simon Hughes (Bermondsey and Old Southwark) (LD): I congratulate Ministers and the trade union leaders on what is clearly a win for the taxpayer, a win for the public sector workers and a win for the public. This is good news at Christmas, and it gives us the prospect of a much more prosperous and secure new year. May I ask what Ministers will now do to ensure that three key messages get down to the workers, and not just the leaders? They are that this is a better deal for the low paid, for women and for older workers; that this is a secure deal for the next century; and that everyone's accrued rights are protected. The workers need to understand that, as well as the bosses.

Danny Alexander: I am grateful to my right hon. Friend for his words of praise. He makes an important point about the need to get this message across directly to public sector workers. I hope that the unions that have signed up to the heads of agreement, following consultations with their executives in many cases, will now be part of the process of explaining the new deal to their members. The Government will also continue with the efforts, which we started after my statement on

2 November, to communicate directly to nurses, teachers, civil servants and local government workers, so that they understand directly from the Government what the terms of the agreement are.

Mr Clive Betts (Sheffield South East) (Lab): In regard to workers who are transferred to another organisation, can the Chief Secretary confirm that their right to stay in their pension scheme will apply to all pension schemes? Will that be time-limited in any way? If the organisation to which they are transferred is taken over or changes ownership, will they still have the right to remain in the public sector pension scheme?

Danny Alexander: Yes, they will. I think that I can reassure the hon. Gentleman on all the points that he has made. What we are saying is that we do not want bulk transfers any more, in which the new providers have to set up their own scheme. Instead, the people to whom he refers will continue to be part of the public sector scheme—the NHS scheme, the civil service scheme or whatever—with the new provider, rather than the taxpayer, paying the employer contribution into the scheme. This will create a more secure footing for those people to be on. It is important to be able to give full reassurance to the hon. Gentleman and, through him, to the members of those schemes that he is concerned about.

Andrea Leadsom (South Northamptonshire) (Con): I congratulate Ministers and the unions on this excellent settlement, particularly because of the way in which it will benefit the lowest paid and part-time workers, many of whom are women. Will my right hon. Friend tell us how many women are likely to benefit from the settlement? Does he also agree that the hon. Member for Leeds West (Rachel Reeves) cannot welcome the proposals because of her union paymasters?

Danny Alexander: I cannot give my hon. Friend a precise figure for the number of women workers who will benefit, but about 60% of the public sector work force are female, and all those people will benefit from the terms of the scheme. Unfortunately, women workers tend to be among the lowest paid at the moment, and tend to have steady rather than rapidly rising salaries, but they will particularly benefit from the scheme that we are putting in place under the agreement announced today.

Tony Lloyd (Manchester Central) (Lab): I hope that the Chief Secretary to the Treasury's remarks about reaching a settlement through negotiation will not have been lost on his colleagues on the Treasury Bench who were gagging for further industrial action. If he believes that negotiation is the right way forward, will he continue to talk to those unions that still need to resolve important points of detail in the interests of their members?

Danny Alexander: No one on the Treasury Bench wanted to see industrial action; in fact, the only people who seemed to welcome it were some of those on the Opposition Benches. Of course, we are talking about heads of agreement, and further fine details within each scheme remain to be resolved over the coming weeks. That process will continue to involve the unions, precisely as the process has done up to now. The agreement on the heads of terms is complete; that process is over, and this is the final position. On the question of the fine details, however, I can give the hon. Gentleman a positive answer.

Nadhim Zahawi (Stratford-on-Avon) (Con): I congratulate my right hon. Friend on the hard work that he has put into this process and the unions that have worked so hard to put a deal in place. What message does he have for the PCS union, whose own strike ballot had only a 32.4% turnout and which is now agitating for further strikes?

Danny Alexander: The Minister for the Cabinet Office and Paymaster General tells me that there were 14 meetings in which discussions took place between the civil service employers and unions, and that the general secretary of the PCS did not turn up to any of them. That is a deeply disappointing position to be in. I hope very much that the PCS will rethink its position, because it will not have the support of its members—as that ballot showed—and it will certainly not have the support of the general public if it chooses to inflict further industrial action after an agreement has been reached.

Jeremy Corbyn (Islington North) (Lab): Will the Chief Secretary to the Treasury stop trying to demonise the PCS, and recognise that it is representing its members, which it has a democratic right to do, and that its general secretary has attended a great many meetings? According to the PCS's calculations, the average civil servant will pay £63 a month more to work for longer to get less. He has twice told the House that billions are being saved, but that can be done only at the expense of hard-working public sector workers. Is he really proud of this?

Danny Alexander: I am very proud indeed that we have managed to achieve something that Members on both sides of the House thought would be very difficult, if not impossible, to do—namely, to reach agreement between the Government and many of the trade unions on the long-term reform that is necessary to ensure that public sector workers continue to get the best possible pension schemes long into the future. The previous arrangements were unsustainable, but this one is sustainable, which is why I am confident in offering the House a 25-year guarantee that no party in the House will need to revisit these arrangements over that period.

Andrew Bingham (High Peak) (Con): The Leader of the Opposition claimed recently that the Government were imposing a 3% tax rise on the lowest-paid workers. Will my right hon. Friend take this opportunity to clarify for my constituents that, under the Government's offer, the lowest-paid workers will make no extra contribution whatever?

Danny Alexander: Yes, I am happy to confirm that. We set out at the beginning that no one earning less than £15,000 should see any contribution increase at all. In fact, through the consultation process, better terms were able to be offered in some cases. In particular, my right hon. Friend the Secretary of State for Health was able to offer better terms to lower-paid workers in

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the health sector. This demonstrates once again this Government's commitment to supporting the lowest paid in these difficult times.

John Healey (Wentworth and Dearne) (Lab): The 2 million public service staff who took action last month will note that the Government have given no ground on the imposition of a 3% tax grab on their pension contributions. The Chief Secretary has said that the heads of agreement are not the actual agreement, but the basis for further detailed negotiations. What are his deadlines for starting and ending those negotiations, and when will the millions of scheme members who must, in the end, decide on their future have something put in front of them to which they can say yes or no for themselves?

Danny Alexander: It is a matter for the trade unions to discuss their individual processes of engagement with their members. We have worked well with many of the trade unions in this process, but that does not extend to my being able to describe their internal processes to the right hon. Gentleman.

Lorely Burt (Solihull) (LD): I congratulate everyone who has been involved in reaching the heads of agreement. This will give hard-working public sector workers the certainty that their pensions will remain among some of the very best available. Will my right hon. Friend explain how the move to career-average earnings will benefit women and low-paid workers in particular?

Danny Alexander: I am grateful to my hon. Friend for her comments. It is an important point, on which I am glad to have the chance to expand. At the moment, final salary schemes in the public sector work disproportionately to the advantage of people who are highly paid or who see a big increase in their salary at the end of their careers, and the contributions of lower-paid workers subsidise the pensions of the highest paid. On a career average basis, each year's earnings is what it is and the contribution to be made is treated as what it is; pension is built up year by year on the basis of what people have earned and contributed. That means that each individual's contributions are valued in a more similar way than they are in the inequitable schemes in place at the moment.

Andrew Miller (Ellesmere Port and Neston) (Lab): The underestimation of life expectancy that occurred in the 1970s and the pension holidays of the 1980s put huge pressure on the pensions industry, both public and private. I welcome the fact that the right hon. Gentleman has set a high bar, but as part of that, will he ensure that pension holidays are no longer possible in the invested schemes, as that would mean building in a correction in case we underestimate longevity?

Danny Alexander: The hon. Gentleman makes an important point, which I am sure will have been heard by the Local Government Association and the local government trade unions as they continue their talks on that scheme. I am not going to set out particular rules at this stage, but he makes an important point about the need to ensure that the schemes continue to be funded to meet future life expectancy.

Mr Rob Wilson (Reading East) (Con): I congratulate the Chief Secretary and indeed the Minister for the Cabinet Office and Paymaster General on the successful negotiations, particularly in respect of the protection for low-paid workers. Is the Chief Secretary as disappointed as I am that the PCS union has not only walked away from this agreement but has continually misled its members by telling them that the Government were not interested in meaningful negotiations. How does that sit with so many other unions that have signed the heads of terms today?

Danny Alexander: I do not know quite how disappointed my hon. Friend is, but I am certainly very disappointed in the stance of the PCS. I hope that it will come round in time to seeing this as a beneficial and positive agreement. It is striking that, in the end, other trade unions have looked at the interests of their members and put those first rather than be too worried about the rhetorical position of a small minority of unions.

Mr Andrew Love (Edmonton) (Lab/Co-op): Will the right hon. Gentleman now answer the earlier question about the level of opt-out likely to arise from settling these schemes? I am thinking particularly of the local government scheme, which is a funded scheme that will be adversely affected by high levels of opt-out. Will he be clear about what work has been done on this matter and whether there are remaining concerns for trade unions and employees?

Danny Alexander: At the start of the process, the Office for Budget Responsibility forecast opt-out rates resulting from the contributions increase as being about 1% of pay bill. Of course, because the local government scheme is a funded scheme, one thing we are allowing is that savings delivered by long-term reform, such as increasing the retirement age or moving to a career-average basis, can be used to cover the cost of some of the contribution increases. It is therefore possible that once the final local government scheme is put in place, local government workers will face little or no contribution increase because they are in a funded scheme.

Damian Hinds (East Hampshire) (Con): For purposes of comparison, what estimate has my right hon. Friend made of the proportion of new starters in the private sector who can look forward to a defined benefit scheme?

Danny Alexander: The number of new starters in the private sector who can look forward to a defined benefit scheme is very small. The number of open defined benefit schemes is decreasing, but that should not deflect us from our wish to continue to provide defined benefit pensions in the public sector, which are a right and proper part of the reward for a lifetime's commitment to serving the public.

Stewart Hosie (Dundee East) (SNP): The Chief Secretary said of the civil service scheme: "It is disappointing that the PCS and Unite have not supported the heads of agreement and walked away from the talks". Some might argue that they had been excluded. Be that as it may, he made a virtue of staying at the table, so what is he going to do to re-engage with Unite and the PCS to avoid giving the impression that it is his Government who are simply spoiling for a fight?

Danny Alexander: I would have welcomed from the Scottish National party—as from the Labour Front-Bench team—a recognition that opposition to these reforms was wrong and a welcome of the fact that we have reached agreement. Sadly, Salmond and Serwotka are the duo who continue to reject public service pension reform. The position of Unite is more nuanced, as it has signed up to the agreement in the local government sector and reserved its position on the health sector, pending consultation with some of its lay members. If that proves to be positive, the union would be welcome back at the negotiating table.

David Mowat (Warrington South) (Con): An inflation-proof pension of £20,000 a year taken at the age of 67 would cost about £500,000 to purchase on the open market, yet the average pot in the private sector is about £30,000 for those people who have any provision at all. This difference is exacerbated by the charging structure in the UK fund management industry, which cripples private provision. Now that the Chief Secretary has more time on his hands, having concluded these negotiations, will he address this issue with colleagues because it is a disgrace?

Danny Alexander: I am not sure that I would accept the description of having time on my hands. The hon. Gentleman's point is a serious one, however, particularly on the charging structure. This has been looked at by the Minister of State, Department for Work and Pensions, my hon. Friend the Member for Thornbury and Yate (Steve Webb) in the context of the new National Employment Savings Trust scheme, and the Financial Secretary has been considering it. If we can find things to help reduce those costs, we will certainly go ahead with them.

Chris Williamson (Derby North) (Lab): The truth is that this Government are indulging in a race to the bottom on pensions. The fact is that the 11% of private sector workers currently in a defined benefit scheme will find pressure being brought to bear to reduce the benefits of those schemes as a result of the Minister's forcing down of public sector pensions. Will he tell the House how it can possibly be in the national interest to force more pensioners into poverty, resulting in hundreds of thousands if not millions of pensioners in the future having to rely on means-tested benefits?

Danny Alexander: I have to say that that is the most shameful scaremongering about what we are offering that I have heard. What we are offering public service workers are the best pensions available to any work force in the country. Most public service workers will continue to have a very good pension in retirement. People on low and middle incomes will in most cases receive a better pension at their retirement age than they could under the current schemes. I hope that, on reflection, the hon. Gentleman will join us in explaining and selling this deal to the many hard-working public servants in his constituency rather than misrepresenting it.

Christopher Pincher (Tamworth) (Con): Given that Lord Hutton has said that it is "hard to imagine" a better offer than the "generous" one put forward by the Government, has my right hon. Friend received any imaginative proposals from the shadow Chief Secretary about public pension reform or indeed about how she would pay for it?

Danny Alexander: Sadly, the answer to that question is that no such proposals whatsoever have been received.

Fiona Mactaggart (Slough) (Lab): I am disappointed that despite a number of written questions from me and the questions put today, the Chief Secretary cannot do better than the OBR estimate of 1% of the pay bill in respect of reduced contributions. In his statement, however, he said that the Government would "review the impact of next year's increases, including on opt-outs and equality". Does that mean he will tell us in a report to the House about the impact of these changes on equality so that we can know whether or not his confidence that this is a good deal for women is true?

Danny Alexander: I am grateful to the hon. Lady for picking up on that point. We will certainly look at the impact on opt-outs of the first year's contribution increase. That will allow us to make adjustments to how we deliver the increase in years 2 and 3. I will be happy to share the relevant evidence in an appropriate form, perhaps in a statement or debate in the House.

Priti Patel (Witham) (Con): In light of the hard-line position taken by the PCS union, what indication has my right hon. Friend had that it is serious about pension reform and will come back and sit at the negotiating table?

Danny Alexander: I am not sure that I have had any such indications so far, but I would, of course, welcome them if they came in the future?

Gregg McClymont (Cumbernauld, Kilsyth and Kirkintilloch East) (Lab): The Chief Secretary will be aware of the demanding and dangerous job done by prison officers up and down this country. Will he clarify the state of negotiations with the Prison Officers Association on the normal pension age for prison officers in the context of the difficult and important job they do?

Danny Alexander: I join the hon. Gentleman in expressing gratitude for the hard work that prison officers do for the country, and in recognising the physically demanding nature of some of that work. There is a specific outstanding issue in the arrangements relating to mechanisms allowing prison officers to retire before reaching the state pension age, and we are continuing to engage in discussions with the Prison Officers Association to deal with precisely the point that the hon. Gentleman has made.

John Pugh (Southport) (LD): Should not something be done about the destructive polarisation of the public and private sectors that this issue encourages?

Danny Alexander: I agree that, while we are securing very good pensions for public service workers, we must not neglect the fact that many millions of private sector workers have no pension provision at all. That is what the NEST scheme is intended to address. The opt-in arrangement for a new basic pension scheme, which will be rolled out over the next five or six years, will enable those millions in the private sector who currently have

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no provision to build some up for themselves. I hope that, in due course, my hon. Friend will join us in promoting that scheme to constituents.

Sheila Gilmore (Edinburgh East) (Lab): Would not the negotiations have proceeded more quickly and smoothly had the Chief Secretary's party not colluded in the constant denigration of public sector workers, and the setting of one group against the other? The Chief Secretary is still doing that today in seeking to create a huge divide between public and private sector workers, and to make one group envious of the other.

Danny Alexander: Opposition Members seem to be making increasingly desperate attempts to find new ways of saying that they do not agree with what we have offered. It would be simpler for them to say that they welcome the agreements that we have reached in many areas.

I said in my statement, but will happily repeat for the hon. Lady's benefit, that the contribution made to the country by public service workers such as teachers, civil servants, nurses, local government workers, firefighters and prison officers is enormously important. That is why one of the Government's objectives has been to ensure that they continue to receive better pension provision than any other work force in the country, which is absolutely right. I hope that, on reflection, she will choose to welcome that.

Dr Thérèse Coffey (Suffolk Coastal) (Con): Does my right hon. Friend agree that following these reforms, lower-paid nurses, teachers and civil servants will no longer subsidise the pensions of chief executives, permanent secretaries and the like?

Danny Alexander: I entirely agree. That is one of the abiding reasons why both the hon. Lady's party and mine have sought to reform public service pensions for many years. As a result of the inequities in the current system, the contributions of hard-pressed low-income workers subsidise the pensions of the wealthiest public service workers. The new deals will mean that that will no longer happen.

Lilian Greenwood (Nottingham South) (Lab): Large increases in pension contributions combined with a continuing pay freeze will lead to a severe squeeze on living standards for nurses, teachers and other public service workers. What impact will that squeeze have on the wider economy, particularly in regions where there is a high proportion of public service employment?

Danny Alexander: There is a squeeze on living standards and, indeed, on our economy for a combination of reasons, including the crisis in the eurozone and the catastrophic mess that the hon. Lady's party made of the economy. I think she should start by admitting that.

Nigel Mills (Amber Valley) (Con): I congratulate the Chief Secretary on reaching an agreement. The last thing that any of us want is a regular five-yearly salami slicing of public sector pensions. What aspects of the deal will make it future-proof over the 25-year period to which he has referred?

Danny Alexander: That is an extremely good point. Under the earlier cap and share arrangement, there would have been a three-yearly salami slicing of pensions: every three years, public service workers would face the prospect of increases in their contributions and reductions in their benefits. The principal feature of the new scheme, which protects them from that prospect, is the link between the normal pension age and the state pension age. As the state pension age rises, so will the retirement age for public service workers. That arrangement, which Lord Hutton recommended, is the best and simplest way of protecting public service schemes from the longevity risk in the future, which is why those schemes are fundamentally sustainable.

Ian Lavery (Wansbeck) (Lab): The right hon. Gentleman said that agreement had largely been reached in the negotiations, and that it would now be referred to trade union executives and, perhaps, individual members, through a ballot. Does he agree that, according to the democratic process, those individual members have as much right to reject the offer as to accept it, and will he tell us what attitude the Government would adopt to such a rejection?

Danny Alexander: Members of trade unions do indeed have that right, and it will be for the unions to decide their individual processes. I made clear in my statement that the negotiations on the heads of terms had been completed, that this was the Government's final position, and that we were proceeding to draft legislation on that basis.

Mr Philip Hollobone (Kettering) (Con): Most of my constituents will never have access to a public sector pension, and if they have any private sector pension provision, it is likely to be neither guaranteed nor linked to inflation. Given that the cost of public sector pensions is now £32 billion a year and has increased by a third over the last 10 years, should not the agreement be warmly welcomed? Without it, we would leave a huge pension liability to be paid off by our children and grandchildren in the future.

Danny Alexander: The hon. Gentleman has described the position precisely. Over the next 20 or 30 years, the agreement will save taxpayers, including his constituents, tens of billions of pounds which it will be possible to use for other purposes. I recognise that many of his constituents in the private sector do not have access to pension provision, and I hope that that problem can be addressed, not least by means of the NEST scheme.

Katy Clark (North Ayrshire and Arran) (Lab): Will the Government take steps to veto any agreements that may be made between the trade unions and the Scottish Government?

Danny Alexander: I hesitate to use the word "veto" at the Dispatch Box, even in answer to the hon. Lady's tempting question. It is traditional for Scottish schemes to proceed by analogy with our United Kingdom schemes. I hope that that will continue, and that the intransigent opposition of the Scottish Government to any pension reform will cease. Of course, as with contributions, if the Scottish Government choose to proceed differently they will have to bear the cost.

Mr Peter Bone (Wellingborough) (Con): This excellent deputy Chancellor is very self-effacing, but he has achieved a considerable feat in bringing the negotiations to a successful conclusion. Does he agree with the Opposition spokesman, the hon. Member for Leeds West (Rachel Reeves), that what he did in putting the national interest first should be considered equivalent to what the Prime Minister did in Europe?

Danny Alexander: I am very grateful to my hon. Friend for that comment. Over the last few months, I have sometimes felt less like a Chief Secretary than a chief negotiator. I certainly think that, in this as in every other aspect of our policy, the Government as a whole have indeed put the national interest first.

Tom Blenkinsop (Middlesbrough South and East Cleveland) (Lab): Will the Chief Secretary specify the actuarial reductions involved in all four pension schemes? Have they changed? What will the consequences be for shift-working public sector employees, whose life expectancy does not generally match the national average, if they opt out of schemes?

Danny Alexander: The actuarial factors have not changed. Early retirement pensions will still be calculated on an actuarially fair basis, although of course that in itself changes over time according to the actuarial assumptions. The only exception is the teachers' scheme. There has been discussion about modest enhancements to early retirement factors at the cost of the accrual rate for retirement ages over 65, as and when the state pension age exceeds 65. The teaching unions made that a priority in their negotiations, and we have chosen to agree with them.

Mr Russell Brown (Dumfries and Galloway) (Lab): I hope the Chief Secretary is beginning to realise that the very thing that is likely to destabilise some pension funds is the decision of members to opt out of them.

The right hon. Gentleman has made great play of the position of the PCS and that of my own trade union, Unite, but has made very few comments about the Prison Officers Association, except when the issue was raised by my hon. Friend the Member for Cumbernauld, Kilsyth and Kirkintilloch East (Gregg McClymont). The Chief Secretary said that two unions had not signed the formal heads of agreement. Will he confirm that the POA has not signed it?

Danny Alexander: I interpret the position of the Prison Officers Association more positively, which is why I did not mention the association in my statement. However, as I said to the hon. Member for Cumbernauld, Kilsyth and Kirkintilloch East (Gregg McClymont), who is no longer present, there is a specific outstanding issue in the arrangements relating to mechanisms allowing prison officers to retire before reaching the state pension age, and we are continuing to engage in discussions with the Prison Officers Association.

I bow to none in my respect for the work of prison officers. I think it right for my right hon. Friend the Minister for the Cabinet Office and Paymaster General to continue to engage in those discussions, because this issue is both important and specific to that particular work force.

Points of Order

1.29 pm

Alison Seabeck (Plymouth, Moor View) (Lab): On a point of order, Mr Speaker. I am very concerned that the Minister for defence equipment, support and technology, the hon. Member for Mid Worcestershire (Peter Luff), appears to have forgotten to follow up on the specific commitment he made on two occasions in this House—first, to my hon. Friend the Member for Barnsley East (Michael Dugher) on 4 July, column 1212, and, secondly, to my hon. Friend the Member for Kingston upon Hull North (Diana Johnson) on 14 November, column 570—that he would bring forward a White Paper on defence procurement previously promised in the spring. Given the economic downturn, that paper is vital for the defence industrial base, which accounts for 10% of GDP. Will you, Mr Speaker, therefore assist the Minister with his memory lapse by asking him to come to the House before the year ends and he fails to fulfil his promise?

Mr Speaker: That is not directly a matter for the Chair, but what I can do to assist is look meaningfully, but in a typically friendly fashion, at the Leader of the House and the Deputy Leader of the House, both of whom will have heard the hon. Lady's point of order.

The Parliamentary Secretary, Office of the Leader of the House of Commons (Mr David Heath) *rose—*

Mr Speaker: Indeed, the Deputy Leader of the House is champing at the bit, as he is keen to favour the House with a response, which we will now hear.

Mr Heath: Further to that point of order, Mr Speaker. The hon. Lady mentioned a memory lapse, but I think she may have suffered a memory lapse since yesterday, when we had Defence questions and the Minister with responsibility for defence procurement talked about the specific matter she raises.

Mr Speaker: There may now be an outbreak of contentment, therefore, but if the hon. Lady remains dissatisfied—which I suspect is an unimaginable scenario—she will doubtless return to the issue.

Tom Blenkinsop (Middlesbrough South and East Cleveland) (Lab): On a point of order, Mr Speaker. Is it in order for the hon. Member for South Northamptonshire (Andrea Leadsom) to imply that the shadow Chief Secretary was improperly influenced by trade union donations, when she has no declarations in the register yet has 10 donations amounting to just short of £50,000?

Mr Speaker: I am grateful to the hon. Gentleman for his point of order, and I know to what he is referring. I did not intervene at the time because the Chair judges whether an intervention is warranted at a specific moment, and I did not think it was. However, the hon. Gentleman's point of order does give me the opportunity to underline the point that no Member should attribute an unworthy motive to another Member. I took the view at the time—for which I make no apology and which I have explained—that the question was a collective criticism of another political party, rather than it being directed

[Mr Speaker]

at an individual. If, however, it was directed at an individual, it should not have been, and I think the following advice is a useful guide to all Members: concentrate on the big picture and the policy, but do not attribute unworthy motives to another Member of the House. I hope that is clear and that we can now move on.

National Health Service (Right to Treatment)

Motion for leave to bring in a Bill (Standing Order No. 23)

1.33 pm

Hugh Bayley (York Central) (Lab): I beg to move,

That leave be given to bring in a Bill to make provision to ensure that medical treatment prescribed as necessary by a doctor or other medical professional must be provided unless the type of treatment is not approved by the Secretary of State or the National Institute for Health and Clinical Excellence; to establish a national register of cases where such prescribed treatment is refused; to introduce a mechanism for appeal against decisions about provision of medical treatments; and for connected purposes.

The NHS is becoming a lottery. Decisions about the treatment people receive depend not on their medical needs, but on where they live. These decisions are unfair to patients, inefficient because inconsistent resource allocation decisions are not cost-effective, and unaccountable because responsibility for the decisions is not taken by Ministers who are accountable to Parliament for how the NHS spends its money and because patients have no right of appeal if NHS treatment is denied.

This Bill seeks to restore equity by giving patients a legal right to treatment, when it is recommended by their doctor, so that all patients have access to the same range of NHS services. The Bill also seeks to strengthen accountability by requiring the Secretary of State—whom I am pleased to see on the Treasury Bench—to come to Parliament to seek approval for explicit rationing decisions. The Bill seeks to improve transparency by creating a national register of all treatments for which NHS funding has been withdrawn. Finally, it seeks to empower patients by giving them a right of appeal if they believe they have been denied a clinically necessary treatment.

There cannot be a single Member who has not been approached by a constituent who has been denied treatment. The following cases are just some of the problems I have encountered this year. A constituent with cystic fibrosis needs antibiotics to prevent lung infections. Nine out of 10 people with cystic fibrosis die from respiratory problems. She cannot use the two most commonly prescribed antibiotics because she is intolerant to them, so her consultant prescribed a different drug, but the North Yorkshire and York primary care trust decided not to pay for it. Haxby health centre in York recently told patients that eight common procedures would no longer be available to them on the NHS. Patients were referred to a private clinic charging, for example, £146 for treating in-growing toenails and £243 for removing benign lesions such as moles. Obese people can generally have bariatric surgery—the fitting of a gastric band—if their body-mass index exceeds 40. In York, however, treatment is limited to much more extreme cases where the patients have a BMI greater than 50. In vitro fertilisation—test-tube baby treatments—are available to infertile couples in Hull and Leeds, but not in North Yorkshire and York. Yesterday, the hon. Member for York Outer (Julian Sturdy) and I went to see our local PCT about its decision to stop paying for facet joint injections prescribed by NHS pain consultants to people in our area with chronic back pain. Patients forced to go private as a result of this decision expect to spend between £800 and £1,000 a year for the treatment.

This problem of postcode rationing is likely to get worse, because responsibility for health commissioning will soon be transferred from 150 PCTs to about 300 GP-led care commissioning groups and greater fragmentation will lead to greater variation in treatment decisions made locally, and also because of the tight squeeze on NHS funding. This year, PCT recurrent revenue funding increased by 2.2% while the retail prices index in the year to date is running at 5.2%, so there is a real-terms cut of some 3%.

The NHS has a cash-limited budget of course, and I therefore accept that there will be limits to the services it can provide. Indeed, in the 1992-97 Parliament, I was a member of the Select Committee on Health, which produced two reports on NHS rationing, or "priority setting" as it rather coyly called it. I contend, however, that if there has to be rationing, it is essential to ensure that those with the greatest needs always get treated. The rationing decisions must be rational, in that they must be based on clinical evidence—

Dr Phillip Lee (Bracknell) (Con): Will the hon. Gentleman give way?

Hugh Bayley: I do not think it is customary to take interventions while introducing a ten-minute rule Bill.

As I was saying, if rationing decisions have to be made, they must be both rational—based on clinical evidence—and fair, so that all patients are treated on an equal basis. If we are forced for cost reasons to say that, for example, tattoo removal or breast augmentation or in vitro fertilisation will no longer be provided, that should be a national decision made by a Minister and approved by Parliament, and applied on an equitable basis to all patients. It is patently unfair that in vitro fertilisation is available to patients in Hull and Leeds but not to patients in York.

Piecemeal local decisions undermine public confidence in the national health service. When a man in pain is told he must pay hundreds of pounds a year for the injections his NHS pain consultant prescribes, or when a woman is told she must pay to have her in-growing toenails attended to or an unsightly mole on her face removed, they naturally ask what will be struck off the NHS treatment list next. Every time the NHS says no to a patient, a little piece of public trust leaks away—a crack appears through which doubt and fear seep into the public consciousness about the reliability of the NHS in our time of need.

Nye Bevan chose the title of his political testament, "In Place of Fear", with a purpose. Before the creation of the national health service, people lived in fear of the catastrophic consequences of illness or incapacity, and we do not want to return to those pre-NHS times. It is fortunate that all parties in this House are committed to the future of the NHS, so the Government, I believe, should act decisively to stem the leakage in public trust and to prevent it from turning into a torrent.

It is for those reasons that I propose my Bill, and I commend it to the House.

Question put and agreed to.

Ordered,

That Hugh Bayley, Frank Dobson, Mr Kevin Barron, Ms Gisela Stuart, Andrew George, Malcolm Wicks, Barbara Keeley, Mr Virendra Sharma, Valerie Vaz, Bob Russell, Grahame M. Morris and John Healey present the Bill.

Hugh Bayley accordingly presented the Bill.

Bill read the First time; to be read a Second time on Friday 30 March 2012 and to be printed (Bill 266).

Backbench Business

[UN-ALLOTTED DAY]

Christmas Adjournment

Mr Deputy Speaker (Mr Nigel Evans): We now move on to the main business. As hon. Members know, it has been divided into several sections. It is all very complicated, but we have fingertip control in the Chair. *[Interruption.]* None of you believe it. I call John Hemming to move the motion in the name of the Backbench Business Committee.

1.42 pm

John Hemming (Birmingham, Yardley) (LD): I beg to move,

That this House has considered matters to be raised before the forthcoming Adjournment.

In addition to moving the motion, I have been requested to speak briefly on what I was going to say later in the proceedings. Chapter 23 and the United Nations convention against corruption both enable the review of judicial procedures to ensure they maintain the rule of law. Chapter 23 was brought in for the accession of Croatia to the EU. Reviewing this, it seems that the EU does now pass Groucho Marx's test, in that it is a club that would not allow us to join. One area of concern is the inaccessibility of many judgments. Ignoring secret judgments, even public judgments are not always published. If they are not handed down by the judge, then copyright rests with the shorthand writers and they are not published by the British and Irish Legal Information Institute. This would need resolving to satisfy chapter 23.

The underlying question for both the UNCAC and chapter 23 is that of the accountability of the judicial system. The courts are accountable through the appellate structure, article 3.7 of the Act of Settlement 1701 and public scrutiny. The latter is the area, perhaps, where England and Wales fall down most severely. I have come to the conclusion that secrecy undermines the rule of law. This has been recognised by many learned judges, but it remains the case that our courts have a considerable tendency to go into secret.

The case of CTB *v.* NGN highlights a number of problems with this. An ex parte injunction was obtained indicating that the second defendant had been blackmailing CTB. However, last week CTB accepted that this was not true. This was more than six months after the original injunction was obtained. What was particularly interesting was that the original injunction acted to prevent the second defendant from writing to eBay and BlackBerry to obtain evidence to disprove the allegations made in the ex parte hearing, relating to a shirt and text messages. Potentially, even laughter from a public gallery could have alerted the judge to the falsity of some of the claims. It appears that only when CTB was named in proceedings of the House did it become easier to obtain the evidence to prove that the injunction was not properly obtained.

That injunction was clearly a gift that keeps giving. It is like an ace serve that cannot be returned, because the serve itself prevents it bring proved that there was a foot fault. The injunction was even effective at the weekend, when it acted to prevent three Sunday newspapers from writing articles reviewing allegations that there were unlawful elements to the statement of claim and original witness statement. It also acts to prevent the Attorney-General from investigating whether any regulatory action is required.

Sir David Eady kindly referred to me as a "national treasure". I was pleased that my cutting of the Gordian knot assisted in resolving a case in his court. We will never know whether it would have been possible to obtain the evidence as to the truth of the matter of CTB *v.* NGN without me fulfilling my duty of protecting ordinary citizens from secretive, wrongful and oppressive applications for committal. The case is now ended and no further action is required. However, it does raise serious questions about how injunctions undermine the rule of law and whether there should be statutory limitations on injunctions to prevent this from happening in future.

My concern about secret court hearings and their unreliability stems mainly from the miscarriages of justice seen in the family division. Here we have a further problem of accountability, again relating to evidence. The difficulty, again, is that a secret court operates in a pool of reality that is not linked directly to the public domain. Much of the decision making in care proceedings rests on reports from experts such as Dr George Hibbert. He is someone about whom a number of people have complained, and I am told that at least one person has refused to work for him because of what she saw as his unethical provision of reports to suit the demands of local authorities.

The difficulty is a question of how to ensure that this issue is properly investigated. The courts refuse to accept that an expert may be the hired gun of the local authority; at the same time, there is no right to a second opinion. Indeed, the court often refuses to accept additional evidence on behalf of parents and against the state. It is this procedural problem that in my view gives rise to thousands of miscarriages of justice in care proceedings. This may not involve models and footballers, and therefore may not get the same attention from the media; however, to me and many other hon. Members it is at least as important, if not much more so. We do not have the proper checks and balances that can ensure a truly independent investigation of miscarriages of justice in secret courts.

There are two recent privacy cases—CTB and Clarkson—where it is accepted that the original claims of blackmail are not strong enough for the claimant to wish to press them in a trial. It is alleged that in the DFT case this is also true. ZAM and OPQ have not seen any attempt at a criminal prosecution. However, two recent criminal prosecutions for blackmail—the Rooney and Ecclestone cases—were not subject to anonymity orders. This is actually a high proportion of those cases where a claim of blackmail has been made. Many involve the same legal advisers, who, when giving evidence to the Joint Committee on Privacy and Injunctions, made no reference to the fact that some of the allegations of blackmail are false.

In my view, Parliament has a duty to investigate secret courts. It has the power to do this, but it needs to go further than it has so far.

One issue that needs a detailed review is secret expert reports. This could be done by a parliamentary Committee. A second issue that needs a detailed review is secret

imprisonments. The Hammerton case was corrected by the Court of Appeal. However, there are others, such as that of Yvonne Goder, where it is difficult to find out what has been happening.

Mr Deputy Speaker (Mr Nigel Evans): Order. Everybody in these debates is going to be on the six-minute limit, and I am afraid, Mr Hemming, that you have just reached your limit. So, I am now reminding everybody that they are on a six-minute limit.

BUSINESS, INNOVATION AND SKILLS

1.48 pm

Ann Coffey (Stockport) (Lab): Christmas focuses the mind on shopping. At this time of year, we become more aware of the importance of retail to our economy and the recovery. Retail is Britain's largest private sector employer, providing 2.9 million jobs and representing more than 10% of total UK employment. In my constituency, more than 5,700 people are employed in retail. The retail sector generated £292 billion of sales in 2010, equivalent to one fifth of UK GDP.

The exceptional flexibility of retail work, with a higher proportion of part-time hours than other sectors, gives employees greater freedom to fit their work in with wider family responsibilities. It gives an opportunity for that first start in life—indeed, 42% of all working 16 to 17-year-olds are employed by retailers. Youth unemployment is at a record high and has broken through the 1 million mark, so any loss of retail jobs will have a direct impact on young people.

A lot of concern has been expressed by the Union of Shop, Distributive and Allied Workers—USDAW—about changes to working tax credits, which mean that the total weekly hours that a couple with children need to work to qualify will increase from 16 to 24 hours. For some families, 16 hours of part-time work will not pay, and employers will lose valuable staff and the flexibility of shorter working patterns. I ask the Government to look again at the possible implications of this policy change.

Many challenges lie ahead for retail, including the worldwide economic downturn and uncertainty over the euro. In addition, the way we shop as a nation has changed dramatically. We have seen the massive growth of large, successful out-of-town superstores and the phenomenal rise of online shopping, which now accounts for nearly 10% of all retail sales. At the same time, we are seeing the decline of many town centres, with vacancy rates doubling over the past two years and total consumer spend away from our high streets now at more than 50%. The high street is changing, as was shown in the Mary Portas review, which was published last week.

Many town centres have always been a mixture of big-brand shops and independent retailers, but out-of-town shops have been able to offer larger stores combined with easy parking. The town centres that have done best in the face of these developments are those that have invested and developed a distinct shopping offer. Out-of-town shops do well because shoppers like them, so town centres have to become attractive to shoppers and, as Mary Portas says, there are as many different ways of doing that as there are towns.

As chair of the all-party group on markets, I strongly support the idea of placing markets at the heart of the plan to turn around ailing high streets and believe that vibrant markets are key to regenerating our town centres. At a time of high unemployment, market stalls are easy and cheap to set up, and they allow people to try out fresh ideas and flexible working. I also like the idea of national markets day. Indeed, our all-party group organised such a day in 2007, when dozens of MPs visited their local market.

People like markets. They have existed for hundreds of years and have been a key source of retail innovation. I am thinking, for example, of Tesco in Hackney, east

[Ann Coffey]

London, Marks & Spencer in Leeds and Morrisons in Bradford. Markets also provide a public place for people to meet. They give a sense of belonging and of place in the community. Good town centres and markets make an important and underrated contribution to public health. It is important that that partnership between the big retailers and independent small traders in shops and markets in town centres, which has worked so well in the past, continues to meet the challenges of the future. I see that working well in parts of Stockport. In Heaton Moor, for example, the district shopping centre is adapting to the changing demands of the local community. Its coffee shops, café bars, delicatessens, fish and meat shops, other specialist shops and first-class restaurants show how change and innovation can turn local shops into a vibrant and attractive place. Interestingly, the area also has a Tesco local and a Co-operative store, and about 2 miles away there is a Tesco Extra, which is a 24-hour store. That shows that out-of-town stores do not, in themselves, destroy town or district shopping centres; it is the ability to change and adapt that will determine their future.

We need shopping to be interesting if we are to be attracted into the town and district centres. My suggestion to attract shoppers to Stockport is that it should offer a cultural experience day ticket. Shoppers could buy a ticket that would include discounted entrance to major heritage sites, including Staircase house, the Stockport air raid shelters and the hat museum. A trip round the Robinsons brewery might be an added attraction, and the day could perhaps finish with tea and a film at the Plaza combined with some shopping in Merseyway or the market. That, combined with special discounts at the shops and in the market, might prove very attractive to everybody in the north-west.

Retail is an important industry, a major employer and a big contributor to the economy, and it is at the heart of our towns. The Government need to restore consumer confidence, because without that people will not spend money and there will be no growth. At a local level, councils must support innovative ideas, and big retailers need to work with town centre partnerships and independent retailers to develop a vibrant high street. Town centres should be places where we go to meet other people in our communities and where shopping is just one part of a rich mix of activities. If we can get this right, towns up and down the country will come alive again and retail will become an even bigger part of our national life, contributor to the national purse and provider of that all-too-important employment.

Several hon. Members *rose—*

Mr Deputy Speaker (Mr Nigel Evans): I call Mark Menzies.

1.54 pm

Mark Menzies (Fylde) (Con): Thank you, Mr Deputy Speaker, for giving me the opportunity to take part in the pre-Christmas recess debate. I also wish to thank my hon. Friend the Member for Ludlow (Mr Dunne) for taking the time to reply.

Enterprise zones offer great potential to the people of Fylde. In September, BAE Systems announced 1,300 job losses, which will have an impact on my part of Lancashire as many of those fall on my constituents. It was then that my campaign for enterprise zones really took place, although I have long been campaigning for an enterprise zone to come to Fylde. I must put on the record the fact that following those job losses the Government were quick to act, announcing the zone to cover the sites at Warton and at Samlesbury in your constituency, Mr Deputy Speaker, during the Conservative party conference in October.

However, it is one thing announcing an enterprise zone and quite another turning it into something meaningful. The work force in our part of Lancashire truly are world-class. Many have backgrounds in engineering, in-flight systems design and advanced project management skills. As such, we need to aim high in the types of employers we seek to attract. In recent weeks, BAE Systems has come in for criticism for the way in which the aspects of job losses and restructuring have been handled. I believe that the Lancashire enterprise zones provide BAE Systems with an opportunity to show its commitment to the region and leadership in attracting world-leading companies to set up home on the Warton and Samlesbury sites, and I wish to take this opportunity to recognise all that the company is doing in this regard. It is also right to put on the record the work that you have done behind the scenes, Mr Deputy Speaker, to make Samlesbury a successful site for enterprise zones and potential inward investors. I know that you, too, have campaigned tirelessly, doing so behind the scenes because of the nature of your role, to do the right thing by the work force at BAE Systems, and it would be remiss of me not to recognise that.

Many in this House will be familiar with the advantages that an enterprise zone will bring to an area, and the purpose of this debate is not to go over old ground. Following the Chancellor's announcement in the autumn statement that capital allowances will be given for some enterprise zones and not for others, may I use this opportunity to call on the Government to ensure that we do not create two classes of enterprise zones, as that will lead to distortions in investment decisions? Instead, we should do everything we can to ensure that all enterprise zones are given every opportunity to flourish in what is a very competitive and tough investment market. I ask the Chancellor to ensure that, within the EU investment rules, we are creative and we give companies every opportunity to use all the various investment and tax mechanisms in play.

With its high-tech and highly skilled design and manufacturing work force, Warton is a natural place for top-end capital intensive industries to invest. We have people there who have worked at the cutting-edge, and in some of the most challenging environments in this country, all their lives. Our people also have the ability to reskill, retrain and move into other sectors, so we must think about how we can use mechanisms in the Department to retrain and reskill them to meet the challenges ahead.

I also urge the Government to ensure that all enterprise zones in Lancashire and the north of England operate on a level playing field and that investment decisions do not simply go from one area to another as a result of the tax structure created in an enterprise zone—I have the zone in Liverpool very much at the forefront of my mind.

Finally, I would like to take this opportunity to request that the Government be open to all types of small-scale investment, such as investment in capital infrastructure, that would help to facilitate enterprise zones and make them more attractive. I know that the Chancellor will be receptive to requests for investment in roads and so on—on a small and limited scale—and I urge the Government to continue to adopt that open-minded approach. To gain the high-quality companies that my constituents and your constituents deserve, Mr Deputy Speaker, we need to seek not just home-grown organisations, but, in particular, those from overseas. So I urge UK Trade & Investment to have dedicated people selling the potential of investing in Britain's enterprise zones to global investors. If we play this right, enterprise zones will give some of the most challenging areas of our country a new lease of life and will ensure that some of the most highly skilled and highly motivated people, who are currently threatened with losing their jobs, have a bright and sustained future. I thank the Government for the opportunity to bring enterprise zones to Lancashire and urge them to ensure that enterprise zones are the success that we know they can be.

1.59 pm

Katy Clark (North Ayrshire and Arran) (Lab): It is a pleasure to follow the hon. Member for Fylde (Mark Menzies), who, of course, comes from my constituency.

I also welcome the opportunity to raise a very timely issue: the collapse of the Farepak Christmas savings club. It has been raised in this Chamber on many occasions, because more than five years ago, on 13 October 2006, the company collapsed and as a result 120,000 people lost some £38 million. Very few of those people have received a penny back from Farepak as yet, although the administration has continued.

Hon. Members will remember that a response fund was set up at the time of the collapse, to which the people of this country gave very generously and as a result of which some Farepak victims got some money. The reality is, however, that Farepak has still not paid out in any way to the 120,000 individuals or to their families. The Government are well aware of the background. Last week, the Minister for Further Education, Skills and Lifelong Learning responded to the debate on the subject secured by my hon. Friend the Member for Newport East (Jessica Morden), and said that the current situation was completely unacceptable and that the whole matter had taken far too long to sort out. Members on both sides of the House would accept that the length of time it has taken to resolve the matter is not acceptable. We must see whether there are lessons to be learned.

I would argue that the 120,000 people who saved with the Farepak Christmas savings club did so responsibly, so I ask the Government to look again at what they can do to ensure that those affected receive full compensation for what they lost. In my constituency, hundreds of families were affected and for many of them Christmas that year was destroyed. In particular, I pay tribute to my constituents, Louise McDaid and Jean McLardy, who both live in West Kilbride and who, along with others, set up the Farepak victims committee, which has been campaigning for the past five years for justice for the Farepak victims. It has become clear over those years that the sector is poorly regulated and that individuals who pay for items in instalments do so with very little protection. The Farepak victims are unsecured creditors, which meant that when the company went bust they went to the bottom of the pile.

The reaction five years ago was the setting up of a voluntary organisation, the Christmas Prepayment Association, which provides should a company that is a member go bust. Many prepayment companies, however, are not members of the scheme and there is no requirement for them to belong to it. Indeed, some of the biggest players in the sector, such as Tesco and Asda, are not regulated by the voluntary scheme and the association covers only Christmas clubs, whereas many prepayment organisations are not geared towards Christmas.

Many Farepak customers are very upset about how the administrators, BDO, have handled the administration, about the lack of information available to them as creditors and about the deal that I believe was done with some of the ex-directors of Farepak to pay a total of only £4 million in compensation of the £32 million that was due. As was widely reported recently in the press, BDO has incurred expenses in excess of £8.2 million in administration of the scheme, whereas it has managed to get only £5.5 million for the victims. I tell all hon. Members that there are serious issues about whether that mechanism should have been used to resolve the situation. Until recently, the victims were told they could expect 15p in the pound back, but now it is not clear whether they will receive even that limited amount. An application has been made for disqualification orders to be taken against the directors, but as yet we still have no indication of whether there are likely to be any prosecutions in the criminal courts.

I believe that the case of Farepak highlights important failings in the regulation of the prepayment industry. That applies not just to Christmas savings clubs but to many situations where individuals pay for things in instalments, and, of course, it is people on modest incomes who do that. Most people who pay up in this way often reasonably expect that the sums they pay will be ring-fenced and put in a separate account and that they will have priority if the organisation goes down. Today, I ask the Government, five years after Farepak, to look into what can be done for the Farepak victims as well as at the wider issues of the prepayment sector, and to come back with proposals to ensure that the sector is better regulated so that we can give proper protection in the future.

2.5 pm

Dr Julian Huppert (Cambridge) (LD): It is a great pleasure to speak in this debate on credit and debit card surcharges. This Christmas, more people than ever are buying their presents online. Last week's retail figures showed that internet shopping, or, as it is rather mysteriously called by the Office for National Statistics, non-store retailing, rose nearly 20% between November 2010 and November 2011—a staggering increase. Purchases made online now constitute 12.2% of non-fuel purchases. It is therefore essential that the Government do everything they can to ensure that when we buy something online the prices are fair, the process is easy and the transaction is transparent.

That is simply not the case and the problem with surcharges is getting worse. A recent study by Which? found that in 2004 Ryanair charged its customers 80p for debit card payments, but that now passengers have

[Dr Julian Huppert]

to fork out £12 just to be able to pay for their flight. The British Retail Consortium, meanwhile, estimates that the transaction costs are 37p for credit cards and 9.2p for debit cards—rather less than £12. Those costs are no longer surcharges but a business model in their own right, and one that severely undermines legitimate economic growth. If Ryanair's surcharges have risen 15 times in seven years, just think what such charges will do to economic growth across the country as we pull ourselves out of recession.

When consumers choose to buy something, they do so in the belief that the price is fair and that they have got a good deal. So, when hidden surcharges are added at the end, consumers come away feeling wronged and the incentive to buy is greatly reduced. That is compounded by the fact that businesses are incentivised to think of new ways to get away with hidden costs, rather than delivering desirable products or services at the cheapest possible price. Prices go up and innovation is throttled, harming society as a whole. The Government must act now or risk stifling our fragile recovery.

This November, retail sales were down 0.4% on the previous month, a disappointing outcome for hopeful high street shops. Clearly, the depth of the recession, the ongoing crisis in Europe and the difficult economic circumstances around the globe have had a severe impact on consumer confidence and people's disposable income. Over the same month, however, online shopping was up 2.4%. The fact that internet shopping is growing is not exactly news, but what is important is the pace of that growth compared with that of other industries in this country and of online shopping in other countries. A recent study by the Federation of Small Businesses estimated that online trade will represent 10% of gross domestic product by 2015. If the Government also hope to eliminate the structural deficit by roughly that year, they would do well to pay close attention to internet shopping.

Ofcom has found that eight in 10 UK internet users ordered goods or services online in 2010, a higher figure than that in any other European country. What we have here in Britain is a very large number of people who have access to the internet, use it on a regular basis and are turning to it as the means by which they trade. In that respect, at least, we are leading the way in Europe. As a consequence of those benefits—the savings for customers and the convenience—the Government have already announced £100 million to support the roll-out of high-speed broadband. Although it is nice to see the Chancellor embracing some Keynesian investment, card surcharges already represent a major supply-side restraint which could be removed without any significant cost to the Exchequer. One of the many questions that any Government must ask themselves is what are the barriers to growth. Here we have a significant and growing barrier to progress, and it is time we took action to end the distorted market and unleash the full potential of online retail. Otherwise, consumers will be put off internet shopping.

Hidden costs harm confidence and skew the market away from productive enterprises, but they are also inherently unfair and damaging to a free and open society. The Deputy Prime Minister spoke yesterday about the need for an open society, the need to be transparent, and the need to have a fair distribution of wealth and property. Such non-transparent charges entrench inequalities in wealth and property; they make more difference to those with less.

It has always been the case that the most discerning consumers—those who have the luxury of time and possess significant purchasing power—are able to sit back, compare prices and select what they want; that is something that those who are always working to pay the bills simply cannot afford to do. It should be of concern to the Government that a recent Which? survey found that half of people think that card surcharges make comparing prices difficult. The free market is distorted and undermined by any hoarding of information, and the effect that such charges have on our fundamental sense of fair play is damaging to society as a whole. The charges engender significant mistrust in businesses. That is as harmful to their balance sheets as it is to the consumers who feel betrayed.

It is great that the reduction in travel associated with internet shopping has significant environmental benefits, in terms of CO_2 emissions and problems associated with overcrowding. In particular, it eases congestion on the transport network. I am sure that any of my constituents who have tried to cut through the Grand Arcade these past few Saturdays would greatly appreciate slightly fewer Christmas shoppers there; those shoppers could, of course, go to the independent shops on Mill road and elsewhere.

What can we do? What should the Government do? How can we enable internet trade to grow, and ensure that prices are fair? This is one of those extremely rare circumstances where the solution is as simple as it is effective: we can require card surcharges to be included in the advertised price. I am sure that many hon. Members, particularly on the Government Benches, will be delighted to know that the European Union is already taking a step in that direction—the 2014 consumer rights directive is set to limit debit card surcharges—but we can and should take action now, and go further. We could be leaders in Europe.

In June, the Office of Fair Trading upheld the super-complaint brought by Which? about payment method surcharges. The OFT said that the Government could amend the Payment Services Regulations 2009 to ban the surcharges and make pricing more transparent and fairer. The Government must respond by taking that small step, in order to unleash growth, empower consumers and build and safeguard a free and fair society.

2.11 pm

Kate Green (Stretford and Urmston) (Lab): I am grateful for the opportunity to raise concerns about the collection and recycling of hazardous mercury-bearing waste from lamps, and waste electrical and electronic equipment, known unpromisingly as WEEE.

WEEE is one of the fastest-growing waste streams in the UK. Following the adoption of a European directive in 2003, UK regulations were introduced. They took effect in 2007, and were aimed at recovering more of that waste and ensuring its treatment in an environmentally sound manner, with less going to landfill. The regulations require any business that sells and imports WEEE, including hazardous WEEE, to join an approved compliance scheme, pay a registration fee to the scheme, and supply data on the amount of electrical equipment placed on the market each year.

Under the regulations, companies are required to finance the costs associated with the treatment, recovery and disposal of WEEE, but it appears that some unscrupulous organisations have been charging disproportionately for that. That may explain why the big four lamp manufacturers and importers—Sylvania, Philips, OSRAM and GE—have established their own not-for-profit organisation, Recolight, which offers free lamp-recycling, paid for by the imposition of an up-front fee, unique to the lighting industry, on the sale of hundreds of millions of lamps purchased by households and commercial and public organisations since the introduction of the WEEE regulations. That may seem an understandable response, but I am concerned that it may have led to Recolight enjoying a dominant position in the market for the recycling of WEEE lamps.

The ability of the big four to apply a common up-front fee to every lamp certainly gives the appearance of the existence of a cartel. I understand that decisions about the application of the Competition Act 1998 fall outside Ministers' remits, but the result appears to have been a suppression of competition in the market, which—this is the crucial point—limits the ability of the market to reduce the adverse environmental impact of hazardous mercury-bearing WEEE lamps. It is of concern that since the formation of Recolight, lamp recycling rates have actually fallen, whereas previously there was 25% year-on-year growth, and there has been growth in all other WEEE sectors. Research and development investment is also falling as a result, and jobs are being lost.

Negotiations on the European Commission's proposals for a recast WEEE directive are drawing to a conclusion. I understand that the Government expect to launch a consultation on the amendment of the UK WEEE regulations shortly, and I urge Ministers to consider how best those regulations could be recast so as to prevent any manipulation of the market in a manner that reduces the effective management and disposal of hazardous mercury-bearing electrical waste. It is vital that the market works fairly to achieve that outcome, and clearly the lamp-recycling industry requires stability if it is to operate effectively.

I have a number of questions relating to the structure of the market, the impact on recycling rates, and the opportunities that will arise from recasting the WEEE directive and making consequential amendments to the regulations in the UK. First, in the light of an apparent fall-off in rates of lamp recycling, can Ministers say what monitoring there is of levels of recycling of WEEE, and what action is being taken to promote increased recycling volumes in order to protect the environment and WEEE operators—those are the main priorities of the WEEE directive—and ensure that consumer revenues are used appropriately? Will Ministers ensure that standards for the collection, transport and recycling of hazardous mercury-bearing lamps are improved, and ensure that full health and safety data on product recycling are made available to the UK lamp-recycling industry? Will they take the opportunity of the recasting of the WEEE regulations to look at whether the roles of the Environment Agency and the Health and Safety Executive could be strengthened? Will Ministers consider requiring the value of evidence to be set by an independent third party, particularly where producers' compliance schemes compete, from a dominant position, with those of recyclers?

Do Ministers think that collection and compliance functions should be separated, and will they consider that during the exercise amending the WEEE regulations? Overall, will Ministers ensure that the overarching priority of the WEEE regulations is to increase recycling rates and improve environmental protection? It is clearly unacceptable for any behaviour by manufacturers to impact adversely on those objectives; that must be looked at carefully. It is important that Ministers take all possible steps, now and in the future, through the introduction of the amended WEEE regulations, to prevent such practices. I hope that Ministers will confirm that there will be strict regulation of the compliance schemes that have driven the kind of protective actions that are now threatening the survival of a once thriving independent market, so that we can ensure that recycling rates, rather than profit margins, are maximised. I am sure that Ministers will appreciate the public policy significance of these issues, and I very much look forward to the Government's response.

2.17 pm

Iain Stewart (Milton Keynes South) (Con): I am grateful for this opportunity to put on record my concerns about how the Higher Education Funding Council for England—HEFCE for short—will, in 2012-13, allocate its funding to widen participation in higher education, and how that will impact on the Open university, which is in my constituency.

The Open university is a much-cherished institution, and it enjoys widespread support across the country, and in all parts of the House. It has a very impressive record on widening participation in higher education over the past 40-odd years. In the current year, 20% of its new students have come from the 25% most disadvantaged communities in the country. It has 13,500 students with a registered disability, and some 18,000 students working through its access and opening programmes, so it has a very impressive track record.

In the current year, HEFCE is providing some £368 million to higher education institutions across the country to support them in meeting the additional costs of attracting the students whom we are talking about. The Open university receives approximately 10% of that. I am aware of Treasury pressure on the Department for Business, Innovation and Skills to divert some of that funding to other areas of higher education. In this academic year, BIS included the following wording in its annual grant letter to HEFCE:

"for 2011-12 the top policy priorities for targeted funding should be supporting widening participation and fair access".

I heartily agree with that.

My wish is that similar wording is included in the funding letter for 2012-13 which is due to be published in a few weeks. Without such wording, my fear and that of many at the Open university and in the wider higher education community is that there could be serious unintended consequences for the Government's laudable goal of widening participation. I am not disputing that there is keen competition within higher education for a slice of the funding cake. There will be many equally worthwhile goals, but I fear that redirecting this money into other aspects of higher education would jeopardise the Government's ambition to provide as wide a range of higher and further education options as possible. That is a role that the Open university currently performs exceptionally well.

[Iain Stewart]

I draw the attention of the House to the recent Business, Innovation and Skills Committee report published in November, which stated:

"Widening participation in higher education has an important impact on future economic prosperity and therefore is worthy of public investment...We welcome any additional investment to remove barriers to participation in higher education."

I endorse that entirely. Of course, all institutions in the country have to live within their means. I would like to place it on record that the Open university has played its part in this. When the previous Government withdrew funding for equivalent and lower qualifications, that resulted in a significant drop in income for the Open university. It consequently reduced its running costs by some £30 million. To help keep tuition fees low—the Open university has fees of around £5,000, compared with £8,000 or £9,000 elsewhere—it is further reducing its running costs by some £75 million by 2014-15 and some £30 million of that has already been realised, but if the Open university were to lose another £37 million as a result of the redirecting of funding, there would be devastating consequences for its programme of widening participation.

The Government have a good record in this field and have worthy ambitions. The current funding scheme works. I very much welcome the £150 million national scholarship programme and the higher education White Paper published in the summer has a strong ambition to widen participation. I appreciate that the Minister cannot give me or the Open university an early Christmas present by confirming that this money will stay, but may I urge him to speak to colleagues over the next few weeks so that that letter reflects current provision?

I have a few seconds left, Mr Deputy Speaker, so may I take this opportunity to wish you and all right hon. and hon. Members a very merry Christmas? I look forward to being back in the new year.

2.22 pm

Nic Dakin (Scunthorpe) (Lab): Thank you, Mr Deputy Speaker, for calling me to speak in this Christmas special.

Thanks to the vision of a Labour council supported by a wide range of stakeholders and community groups in north Lincolnshire, Scunthorpe now has a fantastic new performance venue, the Baths hall. On Sunday, the Scunthorpe choral society joined forces with the award-winning Scunthorpe junior co-operative choir to give their annual carol concert in that state-of-the-art venue. Their performance was fantastic. However, many people booking tickets for the cover price of £10 found themselves paying an additional £1 of credit or debit surcharge—a hidden cost not seen until the purchase was in progress. That is just one illustration of the widespread use of surcharges, which I want to highlight today.

It is estimated that 94% of the UK adult population holds a debit or credit card. Debit and credit card users are facing increasingly high surcharges when purchasing goods and services. Rip-off surcharges are often hidden until the end of the payment process, so it is impossible to tell how high the charges will be until the final payment is made. The argument is made that these charges cover transaction costs. In truth, it costs companies only about 20p to process a debit card payment and no more than 2% of the transaction value for a credit card payment.

In March, Which? asked the Office of Fair Trading to investigate the charges for paying by card. It is not only individuals and businesses that suffer from the practice of excessive surcharge, but retailers too. The British Retail Consortium representing retailers believes that Which? was right, in its super-complaint, to draw attention to excessive charges levied on customers using debit or credit cards. Retailers themselves face significant difficulties when handling card payments. The widely varying fees that banks levy on retailers for processing the different payment methods is a big issue for them.

Results from the British Retail Consortium's most recent cost of collection survey show that, on average, the banks' charges for processing a credit card transaction are 15 times higher than for cash, but responsible retailers protect card-using customers from the banks' excessive charges on them. Responsible retailers have been engaged in a long-standing campaign to bring those fees down to levels that reflect the actual, very low, costs of processing transactions. The BRC believes that banks should play fair by their customers, as responsible retailers do with theirs.

In times of austerity, when as a nation we must all find ways to save money and tighten our belts, tackling excessive surcharges seems a fair and reasonable way to put money back in the pockets of consumers, squeezed family budgets and businesses. Action has already been taken in order to try to tackle excessive surcharges. The Which? super-complaint, challenging the practice of excessive surcharging, was upheld in June by the Office of Fair Trading. Over 43,000 members of the public pledged their support for the campaign. The OFT recommended that businesses make payment charges transparent by including the price of transaction fees in headline prices.

The OFT also recommended that the Government take regulatory action on surcharges. There are two options: the Government could wait until 2014 and implement the consumer rights directive that has recently been passed by the European Parliament. That will place a limit on the amount of a surcharge. However, that will only cap surcharges, not eliminate them altogether, and nothing will happen until 2014. Two years is a long time to wait, and we need a solution now as surcharges are hurting family pockets and businesses now. An alternative and, I believe, preferable option would be to amend existing UK law, namely the payment services directive. An amendment to article 52(3) would not only control surcharges, but could eliminate them completely. As the hon. Member for Cambridge (Dr Huppert) said earlier, it is important that action is taken now.

In closing, I reiterate that these rip-off surcharges are just that—a rip-off. They rip off individuals, families and businesses. At a time when we want to cut costs and save money, I urge the Government to take urgent action. I urge Ministers to think clearly and act swiftly. Let us not wait for the EU directive to take effect in 2014. Let us show the public that we as a Parliament can act speedily and responsibly in the interests of our people, and end these rip-off surcharges as quickly as possible by using the powers available to us in this House.

2.27 pm

Simon Hughes (Bermondsey and Old Southwark) (LD): I join others in wishing you, Mr Deputy Speaker, and the rest of our colleagues a very happy Christmas.

The theme of this debate has already become apparent. It is warnings against excess, calls for a fairer and more prosperous society, requests for things we want in the new year—not from Father Christmas, but from Ministers—and an optimistic belief that Parliament can change things. I join in that optimism. I specifically associate myself with the call from my hon. Friend the Member for Stockport (Ann Coffey) that the market in the borough of my birth may be more prosperous with every year that passes.

I have been raising such issues ever since I entered Parliament, and the issue that I want to highlight this year is high pay. We have talked a lot about low pay but now, mercifully, we are also talking about high pay. When Mrs Thatcher was Prime Minister, I intervened in her final speech here to criticise the Tories for their record on wealth inequality. Predictably, she was unapologetic. It was her clear view that rising wealth inequality was not a problem so long as we were all getting wealthier: never mind about the gap.

Sadly, Labour adopted the same policy in practice. Rich people created wealth and they should be rewarded—for example, by cuts in capital gains tax—so that they could invest more of their unearned income in wealth-creating projects. I am afraid my colleagues never shared that view, and we do not share it now: I think we have been proved right. We have seen not greater redistribution but greater inequality between the rich and the poor. A very good OECD report produced in October 2008 entitled "Are we growing unequal?" shows that the top 1% in this country now own 14% of the national wealth. Department for Work and Pensions statistics covering the last decade or so of the Labour Government show that the average household income of the top 10% rose by almost 40%, whereas the average household income of the poorest 10% fell by just over 10% over the same period. That is not the way to make a just and fair society. Therefore, I think that it is right to return to these issues and remind colleagues that the figures continue to show some great inequalities.

According to the Office for National Statistics, bonus payments across the whole economy in the financial year 2010-11 totalled £35 billion, the same as the previous year, so there has been no reduction, despite the austerity facing the country. The total amount of bonuses paid in the financial insurance industry in 2010-11 stood at £14 billion, which is also identical to the figure for the previous year. Earlier this year, in order to justify Stephen Hester's £7.7 million pay package, the chairman of Royal Bank of Scotland said:

> "We need talented and motivated people and we need to be able to pay them fairly".

That was after the company made losses of £1.1 billion in 2010. In 2009, at the RBS meeting in Edinburgh to discuss Sir Fred Goodwin's £16.9 million pension, shareholders objected, but even though 90% of them voted down the remuneration report, they had no power to amend his pay because he had an advisory role.

There is a perverse logic to such bonuses: people at the top are rewarded in order to make the company do better, but even if it does not do better those people are still rewarded in the hope that that will turn things around. I think that people at the top sometimes forget that they stand on the shoulders of others—the people at the bottom, such as the administrative workers, electricians, cleaners and manual workers, without whom there could be no profits for those companies at all.

My party's manifesto at the last election proposed that there should be fair pay audits for every company with more than 100 employees in order to combat discrimination in pay, and that all public companies should be required to declare in full the remuneration of anyone paid £200,000 a year or more. The coalition agreement states:

> "We will bring forward detailed proposals for robust action to tackle unacceptable bonuses in the financial services sector; in developing these proposals, we will ensure they are effective in reducing risk."

We now have an opportunity, because there have been further reports that are very helpful. For example, the One Society report produced in September made it clear that the pay of low-paid workers in the UK is literally one third of 1% of the pay of their chief executives. The High Pay Commission report published a couple of weeks ago confirmed that last year executives of FTSE 100 companies awarded themselves a 49% pay rise.

The Government have just finished their consultation on executive pay, and I want them to be robust in the new year and to continue to drive forward change in our tax system. I want what the Prime Minister said about the public sector, which was that there should be a fair ratio between the highest and lowest-paid, to be reflected in the private sector. I welcome the fact that the salary of every civil servant earning more than £150,000 will be published. It should be similar in the private sector. Just as the Government have started well by reducing tax on the low-paid and increasing tax on those who earn more, I hope that we will see the transfer of powers, as the Prime Minister said, from the boardroom to the shareholder, and that people on the work floor will be involved in decisions on the salaries of people at the top. What people want this Christmas is not a multimillion pound bonus, but for everyone to be paid fairly, and to pay their fair share too.

2.33 pm

Priti Patel (Witham) (Con): I start by wishing everyone a happy Christmas. I have been waiting a considerable time for this debate, and I am glad that it is now upon us. I would like to talk specifically about businesses and growth and some of the barriers affecting growth in my constituency.

By way of background, 83% of the local work force in my constituency are employed by small and medium-sized enterprises, which is around 15% more than the national average. Jobs and growth in my constituency are disproportionately dependent upon the success of small shops and medium-sized businesses. My constituency is home to around 3,800 SMEs that each employ fewer than 250 people across a wide range of sectors. I pay tribute to all the business men and women across the county of Essex. We are a highly entrepreneurial constituency full of small businesses, because they do a hell of a lot to create vital jobs.

My constituency has some outstanding world-class businesses and family-run businesses, such as Crittall Windows, an award-winning international company. We have the world-famous Wilkin & Sons jam factory in Tiptree, an outstanding chocolate maker, Amelia Rope, and a worldwide logistics company called Simarco. They all exemplify Essex's attitude and status as a county of entrepreneurs. As ever, with most independent

[Priti Patel]

and small businesses, given the right kind of macro-economic and fiscal framework, they will adapt to the changes and challenges thrust upon them by any Government, by international circumstances and—dare I say it?—by Europe.

The Government deserve much praise for the actions already taken to support small businesses and growth, and the decision to reduce the small profits rate to 20p stands in stark contrast to what we saw under previous Governments. We also heard from the Chancellor last month that he will now halt the fuel duty rise in January, which is welcome news for small businesses. Businesses are now eagerly awaiting the promise of red tape reform. The one-in, one-out rule is all well and good, but all I hear is that we should just have a bonfire, throwing many out and bringing none in.

There are still many barriers to growth. Interestingly, in the past 10 days we have heard about the Portas review. I should declare an interest as the daughter of small retailers; my parents are shopkeepers. I think that we all recognise the fact that our high streets are having a very challenging time. They need reform. Even in a place such as Witham, where businesses work hard, we have empty shops on our high street; it is a fact. Although there is no silver bullet or magic wand, the Government and local authorities need to start looking at the recommendations and implementing some of the excellent proposals that Mary Portas has outlined. I would like local authorities to become really ambitious in their agenda for growth and in how they support business, which might mean removing some of the licensing and planning restrictions that have been detrimental so that we can find ways to boost growth on the high street and make our town centres far more vibrant. We must also support national market day. Those of us who represent market towns want to see much more emphasis on that area. I hope that the Government will start prioritising some of the reforms she advocated.

The other area is red tape, including the ever-burdensome red tape that comes from the European Union. For example, the agency workers regulations will cost Britain £1.5 billion. To put that into some kind of context, that is more than the apprenticeship budget alone, which we debated last night. I would rather see that money go into businesses and job creation in this country.

The other concern for Essex and my constituency is infrastructure. Essex and the constituency are well placed. We have Tilbury, Felixstowe, Harwich, the A12 and the A120, but our roads are struggling because there is no infrastructure investment. We also desperately need infrastructure investment in our railways in Essex. We need to get freight off the roads and back on to the railways. Anything that can be done to deal with that area would be useful, because ultimately businesses will grow if we can sort out our infrastructure problems.

Finally, I want to touch on banking. I hear endlessly from small businesses in my constituency that banks are simply letting them down, not on a small scale, but on a macro scale. I am concerned by the actions of the banks, which are effectively causing my constituency and small businesses misery. While the small businesses are creating jobs, the banks are leveraging, with shocking terms and conditions and fees being added to business accounts. They are dealing with individuals and small businesses in quite a threatening way. I had one dreadful case in my constituency involving one particular businessman, about whom I have written to Ministers this week, and I should like an official, if not a Minister, to meet him. Businesses now feel compelled by aggressive banks to sign up to unfavourable terms and conditions, and that has to change. I hope that Front Benchers will respond positively to the issues that I have outlined and give small businesses an early Christmas present by committing to remove some of those barriers.

2.39 pm

Mr Philip Dunne (Ludlow) (Con): I thank you, Mr Deputy Speaker, and the Backbench Business Committee for giving me the opportunity to rediscover my voice in the Chamber, and for the format of the debate, so that one does not have to sum up 46 contributions in one go.

I shall make a couple of general remarks about the importance to this country's recovery—following the legacy of deficit and recession that the Labour party left us—of regenerating a healthy economic environment. It is the key to prosperity and to generating growth and jobs, but it is rare for Members to spend time singing the praises of the private sector. We spend much of our time focused on the public sector and on the problems that arise within the private sector, but rarely do we celebrate the fact that the private sector accounts for four out of five people in employment and the majority of all taxes generated, employing people's creative juices and the entrepreneurs of the future to drive the economy forward.

This country under this Government has started to have some success in the private sector. Exports in particular have grown by 16% since May 2010, and jobs generated in the private sector, as the Prime Minister reminds us, are picking up the slack where jobs are being cut in the public sector, so it is vital that we have a healthy private sector economy.

I will not respond to the hon. Member for Birmingham, Yardley (John Hemming), because his comments did not relate to the Department for Business, Innovation and Skills, but I will ensure that the Justice Secretary is aware of his concerns about tribunals in the care sector.

I shall therefore address the role of retail, which the hon. Member for Stockport (Ann Coffey) and my hon. Friend the Member for Witham (Priti Patel) raised. I am a committed believer in the importance of retail for generating growth in the economy, not least because before I became a Member I founded a business that started as an idea and ended up employing 2,500 people in 144 stores throughout the country. I completely understand the importance of retail as a force for regeneration not just on the high street but in the wider economy, and its potential for adding significant jobs where retail formats are able to grow.

The hon. Members for Cambridge (Dr Huppert) and for Scunthorpe (Nic Dakin) said that the impact of online sales poses particular challenges for retailers, and that is why it was so important for the Government to receive the report from Mary Portas on how we revitalise our high streets. The Government intend to look at her recommendations very seriously and will report on them next year.

The key message that I learned from my time in retail was that to attract people into stores, whether one's store is in an out-of-town centre or on the high street, one has to make it an attractive experience. Retail is becoming essentially a leisure business, so I was almost enticed to visit Stockport when the hon. Member for Stockport mentioned the cultural experience day ticket, something that other areas—perhaps even my constituency of Ludlow—may wish to take on board.

My hon. Friend the Member for Fylde (Mark Menzies) referred to the great success of the enterprise zone initiative. The Government have announced 24 enterprise zones, including one in his constituency, and I congratulate him on his achievement in securing it in response, in particular, to the loss of jobs at British Aerospace. That is a fine example of how strong constituency advocacy can achieve results quickly under this Government. He was concerned specifically about the impact of differential capital allowances, and he will be aware that enhanced capital allowances are available only for enterprise zones in assisted areas, which his constituency is not, but I will ensure that the Chancellor of the Exchequer is aware of my hon. Friend's concerns, which I will forward to my right hon. Friend.

The hon. Member for North Ayrshire and Arran (Katy Clark) mentioned the challenges to those many people in all constituencies throughout the country who were affected by the collapse of Farepak back in 2006. I have constituents who are still awaiting payouts, as does every Member, I suspect. The insolvency was particularly complicated, with 116,000 claimants who were initially hard to identify because they were clients of some 21,000 agents and the company did not keep good central records.

Processing claims and distributions to rightful claimants is therefore a costly exercise, and the main reason why funds have not yet been disbursed to those who have lost money—to creditors—is that there can be only one distribution, and the administrators are determined to ensure that they make the maximum recovery so that they can make that single distribution. Otherwise, the cost of distributing will eat into the funds available for recovery. That is the main reason why it has not taken place yet.

Creditors are represented on a creditor committee. They are in regular and close discussion with the administrators about how the distribution is made, and they are also approving all fees paid to the administrators. There is a process—in which all creditors, including all those individuals, are represented—for securing the proper information about what is going on.

The hon. Members for Cambridge and for Scunthorpe referred to the challenges posed by hidden surcharges through, in particular, online purchasing, which, as I said earlier and they identified, is a rapidly growing part of our daily lives. As cash payments and payments by cheque decline, and as payments by card accelerate, it is important to ensure that products are sold transparently in relation not just to the top price, but through comparison websites, so that online shoppers can make a genuine comparison. The Government are looking carefully at all the options for legislation arising out of the Office of Fair Trading's welcome report.

Hon. Members may have seen that earlier today the OFT made another welcome announcement, on measures to address the cost of travel money when purchasing foreign exchange in this country and through the use of debit and credit cards overseas. That will be done as a voluntary arrangement, and most of the largest banks in the UK have agreed to place a zero charge on foreign exchange purchases in this country. Through the UK Cards Association and the British Bankers Association, a new code will be set up so that charges levied on transactions overseas are transparent, a development that I am sure hon. Members will welcome.

The hon. Member for Stretford and Urmston (Kate Green) has a particular interest in the waste electrical and electronic equipment directive—I hesitate to call it WEEE, because that can be misinterpreted outside this place—and a constituency interest through a company that is a major recycler of electrical equipment. I have seen her correspondence with Ministers in the Business Department. She has raised a number of points about how the regulations might be beefed up, and I shall ensure that following this debate the consumer affairs Minister, the Under-Secretary of State for Business, Innovation and Skills, my hon. Friend the Member for Kingston and Surbiton (Mr Davey) is made aware of her concerns.

My hon. Friend the Member for Milton Keynes South (Iain Stewart), who is a doughty champion of the Open university, not least because it is the largest university in the country and, perhaps, because it is based in his constituency, raised concerns that have been well flagged by current students at the Open university. On the Government's e-petition website there are no fewer than three petitions, one of which has 42,000 signatures, calling for the Government to maintain their widening participation funding for the next academic year.

I can confirm that widening participation and social mobility remain key priorities for this Government, and by way of example we have this year, for the first time, for the coming academic year extended access to loans for tuition costs to part-time students, many of whom are at the Open university. We are also providing more financial support for those from poorer families. The maintenance support grant for those from households with an income of less than £25,000 is rising from under £3,000 to £3,250 for the next academic year. The national scholarship that is coming into effect from next September will ultimately generate some £300 million of additional cash to help to support tuition fees for some of the most disadvantaged. The Department has raised with the Office for Fair Access concern about whether funding for part-time courses will continue to receive wider participation funding, and it will be considering the issue carefully. As my hon. Friend said, the Minister is due to submit his letter in January, and that will give guidelines to the Higher Education Funding Council as to how it will continue to demonstrate its commitment to widening participation.

The right hon. Member for Bermondsey and Old Southwark (Simon Hughes) has a distinguished track record in this House for championing social mobility, and it was therefore no surprise that he wanted to talk about the High Pay Commission. As he knows, the Government are determined to get on top of a challenge that is another legacy of the previous Government, who, in 12 years, oversaw a widening disparity between boardroom pay and pay on the shop floor that needs to be addressed. We want to see transparency, proper accountability for shareholders, and a sense of responsibility

[Mr Philip Dunne]

from Britain's boardrooms. Last September, we published a discussion paper on executive remuneration in conjunction with a consultation on the future of narrative reporting for companies. That put forward wide-ranging proposals on improving the link and aligning executive pay more closely to company performance. The consultation closed last month. Earlier this month, the Treasury launched a second consultation, on bank executive remuneration. That is consulting on arrangements that would extend to the eight most highly rewarded executives below board level disclosure requirements on their pay. It will report at the end of February, and I am sure that the right hon. Gentleman will be interested in what it has to say.

If I have not dealt with any Members' points sufficiently, I am sure that the Department will be able to follow them up in due course. I wish you, Mr Deputy Speaker, and everybody present a happy Christmas.

COMMUNITIES AND LOCAL GOVERNMENT

Mr Deputy Speaker (Mr Nigel Evans): We now move on to the debate on issues relating to Communities and Local Government. Seven Members are listed to speak and there is a six-minute time limit on contributions. As I will be leaving the Chair shortly, may I wish everyone in the House, and all those who work in it and visit us, a merry Christmas and a happy 2012?

2.52 pm

Esther McVey (Wirral West) (Con): When the coalition came into government, its focus had to be on reducing the UK's debt and putting the UK economy on a sustainable footing. For too long, the UK had overspent and under-delivered. The Chancellor made it clear that the Government's economic policy objective is to achieve strong, sustainable and balanced growth that is more evenly shared across the country and between industries, rebalancing the economy by moving from unsustainable public spending and towards exports and investment. This should support the UK's long-term economic potential and help to create new jobs. In addition, the Government have introduced the Localism Act 2011, which recognises the need to develop sustainable communities, allowing them greater freedom to develop while focusing on the planning needs of the local area, with a strong emphasis on regeneration.

Combining both those aspects is the starting point of my speech, which is about the regeneration and expansion of the Liverpool city region's ports and waterways. How important are the ports to the city region? The ports and maritime industry have played a vital role in the history of Liverpool. In fact, so prosperous was the port that for periods during the 19th century, Liverpool's custom house was the single largest contributor to the British Exchequer. Disraeli described Liverpool as the second city of the empire as the port became the gateway to the world, with 40% of the world's trade passing through it. Liverpool built the world's first enclosed commercial dock in 1715. Further docks were added in later years, all interconnected by lock gates and extending 7.5 miles along the Mersey. This interconnected dock system was the most advanced port system in the world. These magnificent docks, extensive dock systems and waterways still exist today and are ripe for regeneration.

However, the course of life does not run smoothly, and during the 20th century the port began to decline owing to a combination of the UK's lack of a manufacturing base and the shift away from the Commonwealth to the Common Market. The southern ports of Southampton and Felixstowe, and eastern ports such as Hull, benefited from this move. In the 1900s, Liverpool's population was about 850,000, but it began to decline in the 1950s, and rapidly so in the '70s. Today, the population is about 450,000—and yet the city was designed to hold double. A city with such a large infrastructure to sustain—from a tube system, to parks, listed buildings, art galleries and museums, and even two cathedrals—is expensive to run and much in need of an increased population. Added to that, Liverpool, without the full use of its port and waterways, is only half a city; having water down only one side and an inability to make use of it makes it thus. I therefore propose that any impediments to the use of its waterways, or certain restrictions placed upon the city, so as not to

enable it to use them, would harm not only Liverpool and the Liverpool economy but the whole of the city region.

As times change, situations do too, and in 2012 the port of Liverpool is again ripe to come to the fore, for several key reasons. First, there is the growth of the new emerging markets such as those in the far east and Brazil; that does not only affect imports, as the UK is looking to double exports to Brazil by 2015. Secondly, there is the decision to widen the Panama canal to accommodate the world's largest vessels. That is due for completion in 2015 and promises to change the structure of world trade flows. When completed, larger ships will emerge from the Pacific, prompting expansion of the US eastern seaboard ports such as New York. As Liverpool is already the primary western facing port into the Atlantic, it will be favoured as a primary port for all these extra-large vessels. Thirdly, there is the domestic consideration of costs to business and ultimately to the consumer. Liverpool is geographically well placed and very central, with a population of 8.2 million within 70 miles of it and easy connections to Ireland and Scotland; and a four-hour heavy goods vehicle journey from the port of Liverpool can reach a population catchment of 34 million. Fundamentally, Liverpool remains a great place for doing the things that supported its early growth—notably, handling the UK's trade with the USA and the Americas and emerging markets, and maintaining its links with Ireland.

The city region has the ability to create a port hub—a super-port, if you will, Mr Deputy Speaker. To achieve this, it will need to continue the development of the 3MG inter-modal hub in Halton, the rail freight scheme at Parkside, the world cargo centre at Liverpool airport, and the post-Panamax facility, which is a new £300 million container terminal capable of simultaneously handling two of the new-generation post-Panamax size containers, and is privately funded by Peel Holdings. Although the existing maritime and logistics sectors support approximately 34,000 jobs, development of the super-port projects could transform the Liverpool city region economy, creating 21,000 jobs by 2020 and nearly 30,000 jobs by 2030 with the extension of the cruise liner terminal. At present, liners are permitted to berth only for port-of-call visits, but a turn-around facility would generate approximately £1 million for the city region economy for each liner. There is also the development of the—

Mr Deputy Speaker (Mr Nigel Evans): Order.

2.58 pm

Valerie Vaz (Walsall South) (Lab): It is always a pleasure to follow the hon. Member for Wirral West (Esther McVey). I thank everybody in the House who has looked after us over the year and wish them a very happy Christmas and a happy new year. I hope that this Christmas gig will become as popular as the "Doctor Who" Christmas gig.

I want to raise some planning issues that have upset my constituents, because I do not like to see my constituents upset, and then to discuss the national planning policy framework, which the hon. Member for Chippenham (Duncan Hames) will also mention. I am a member of the National Trust and have dealt with planning litigation. I have had to read planning policy guidance and planning policy statements, so I understand why some people want to streamline them. However, that should not be done to the extent that they are non-existent. They are comprehensive and, together with the local plans and unitary development plans, they came about as a result of careful consultation. Word is already out that the national planning policy framework will be a lawyers charter. Lawyers are rubbing their hands in glee.

Turning to Walsall South, I hear stories in my surgery of intimidation, threats and broken windows, all because some people oppose an application. I had many specific cases to raise, but sadly time has been cut short, so I will deal with just two. In my constituency, the green belt is already under threat. For example, officers said that the proposal for the Three Crowns inn site would involve unacceptable development in the green belt and there were no special circumstances to outweigh that. However, the planning committee let it go through, so three detached houses have been built on the green belt. That is a great cause for concern. My constituents told me that a substantial amount of time was taken up by speakers in favour of the development, but that they were allowed only three minutes.

That brings me to the long-suffering folk who live around 1 Woodside close. All previous applications have been refused by the inspector on the basis that development would have an adverse impact on the character of the local area. My poor constituents have had to put up with six applications of a similar nature. Of the last two applications, one for the construction of 13 flats was dismissed on 28 October 2010 and one for the construction of 14 flats was dismissed on 20 August 2011. Still the applicant persists without any response from the council. Clearly, the Planning and Compulsory Purchase Act 2004 needs to be revisited by the council. The residents in Cottage Farm residents association feel that their views have not been taken into account. I will present a petition to the House at the end of the debate this evening on behalf of those residents. I admire their resilience and stamina.

That brings me on to the national planning policy framework. The Government want to promote well-being, but they put it at risk by putting the green belt under threat. The Chancellor wants to use planning to stimulate growth, but town centres are crying out for development. The Government appointed Mary Portas to look at what is wrong with our town centres and she has told them to make explicit in the wording of the NPPF a presumption in favour of town centre development. In Walsall town centre, 15.8% of shops are empty—an increase of 20% since February.

The NPPF will weaken the test that is applied to town centres. Under the sequential test, developers have to show that there is no suitable alternative site in the centre, but that does not apply to offices. The NPPF will relax brownfield targets; relax the requirement to plan for the efficient and effective use of land; reduce the protection of the green belt; remove the direction to direct offices to the town centre; and reduce sustainable economic development. The combination of those things will push development away from where it is most needed.

Duncan Hames (Chippenham) (LD): Will the hon. Lady give way?

Valerie Vaz: No. I am sorry, but I do not have time.

[Valerie Vaz]

Walsall has a history of protecting employment land and has a sustainable settlement pattern. Manufacturers who are experiencing growth have not asked me to raise planning issues; they have asked for money for apprentices so that they can train them and fill the skills gap. This is not about housing either, because the Home Builders Federation holds more than 280,000 units with planning permission that are ready for development. Planning permissions do not deliver new homes. The problem of there being not enough homes is more to do with the stagnant property market, banks not lending and the boom in overseas investors investing in housing, not affordable housing.

Paragraph 16 of the NPPF states that the development of sites protected by the birds and habitats directive would not be sustainable. However, in the autumn statement, the Chancellor said that he wants to relax the habitats directive. I am on the side of the Royal Society for the Protection of Birds, the National Trust, the Prince of Wales, the campaign by *The Daily Telegraph*, the Campaign to Protect Rural England and the people of Walsall South. Whose side are the Government on? With respect to you, Mr Deputy Speaker, I have a special phrase: this is not about being a nimby, but about being a NIGEL—"Not In the Garden of England". We are all NIGELs now.

Finally, once land has been sold and developed, it is lost for ever. That is our heritage. That is what we leave to the next generation. I urge the Minister to think again.

Mr Deputy Speaker (Mr Nigel Evans): This Nigel would like to remind Members that they can accept two interventions with the usual injury time.

3.4 pm

Stephen Gilbert (St Austell and Newquay) (LD): May I start by thanking the many Members from all parts of the House who have paid tribute to the way in which the Backbench Business Committee handles these debates? As Forrest Gump put it, these pre-recess Adjournment debates are a bit like a box of chocolates:

"You never know what you're gonna get."

I just hope that my contribution does not stick in people's throats.

All the Members and staff in this House will be looking forward to spending Christmas with their family and friends. We are looking forward to a traditional Christmas dinner and, if we are lucky, to a warm log fire. However, not all our country-folk are as fortunate. I would like to spend some time remembering the hundreds of people around the country who will not spend Christmas with their friends and family, and who will not enjoy gift giving and festive celebrations, but who will instead spend it on the streets, desperately hoping for passers-by to give them a few pennies or pounds.

Homelessness can have dire consequences. Just last month, I was saddened to hear about the death of two of my constituents who had been sleeping rough on the streets of Newquay. If we are to tackle the crisis of homelessness in our communities, we first need to understand better the causes. A recent report by the charity St Mungo's highlighted the role that relationship breakdown, domestic violence and mental health problems can play in leading people to sleep rough on our streets. Indeed, relationship breakdown is the largest single trigger of rough sleeping cited by outreach workers. It is the reason for just under a half of all male rough sleepers. Almost a third of female rough sleepers have left home to escape domestic violence. The St Mungo's study also found that just under half of rough sleepers have one or more mental health problems. Indeed, people who have slept rough are more than 15 times more likely to have a diagnosis of schizophrenia than the general population.

At this time of year, it is important that we recognise the work of charities such as St Mungo's in helping people in desperate need. I hope that in his response the Minister will join me in paying tribute to the great work that such charities do in caring for rough sleepers and giving people a second chance. In particular, I would like to recognise the work of Cosgarne hall in St Austell in my constituency in helping local people.

Jeremy Corbyn (Islington North) (Lab): The hon. Gentleman is making an excellent speech on the problems of homelessness. I join him in paying tribute to the work of St Mungo's and many other charities. Does he acknowledge that one problem for such charities is that when they house people in hostels or relatively short-stay accommodation, they have enormous difficulties in finding move-on accommodation? It ends up with a blockage in the system because local authorities cannot cope with the numbers that charities refer to them. The Government must address that issue.

Stephen Gilbert: I agree entirely with the hon. Gentleman. We need to make the journey from presentation at the local authority through to hostel accommodation and supported accommodation much more seamless. I endorse entirely his recommendation.

St Petroc's is another homelessness charity in Cornwall. It helps to provide food and shelter to the more than 100 rough sleepers across Cornwall. That will be particularly important in the cold days and months ahead. I have visited the St Mungo's shelter in Brent, as I am sure has the hon. Member for Islington North (Jeremy Corbyn), and seen the work it does with homeless people. I was also lucky enough to visit the Outpost housing project in Newcastle recently, which works with young lesbian, gay and bisexual people who get kicked out of home after coming out. Like many hon. Members, I have also been to Centrepoint here in London.

From all those visits, one thing is clear: we are all just a few steps from being homeless, whether through losing our job or losing our partner. There is no typical homeless person and homelessness can and does affect people from all walks of life. That is why I am calling on the Government to consider the introduction of a right to shelter—a fundamental statement of principle that the Government will do more to help those who find themselves homeless, often through no fault of their own. It is simply not right that many people can go to their local authority for help and be turned away to sleep on the streets in the sixth largest economy in the world. As well as a right to shelter, there needs to be more recognition by drug, mental health and other service providers that they have a role to play in preventing homelessness. We need a more flexible, personal service

that reflects the complexity of an individual's life so that we can achieve the vital ambition of ending rough sleeping.

Over the past year, 102,000 people approached their local council and declared themselves homeless, an increase of 15% on the previous year. Tackling homelessness must remain a Government priority, so I welcome the fact that the spending review protected the £400 million of homelessness grant to local authorities and the voluntary sector, and the fact that the Government have prioritised help for single homeless people, providing £10 million to the charity Crisis to help in its good work. I also understand that a cross-departmental ministerial working group has been set up to address some of the complex causes of homelessness. However, much more can be done, and I reiterate my call for a basic right to shelter and sufficient funding to ensure that no individual is left with no option but to sleep rough.

I hope that my contribution today, though limited, will serve as a wake-up call to the Government to do more in the years that remain to them, so that in future we can all enjoy our Christmas holidays knowing that nobody will be spending them out in the cold.

3.10 pm

Jeremy Corbyn (Islington North) (Lab): I wish you a merry Christmas and a good new year, Madam Deputy Speaker.

I absolutely concur with what the hon. Member for St Austell and Newquay (Stephen Gilbert) has just said about homelessness. He put the case very well. Despite various changes in homelessness legislation over the years, I find that in London a depressingly large number of people are denied access to housing because they are single, because they are concealed homeless or because they do not have an identifiable physical condition or mental illness. They end up sleeping rough, sleeping in cars or in some cases just endlessly sofa-surfing among friends' homes.

It is quite surprising that if we go down to "Occupy London Stock Exchange" outside St Paul's, we find quite a lot of people living there who work, and for whom it is a place to live and survive. That is the reality of homelessness in this country. It is probably slightly worse in London than the rest of the country, although I acknowledge everything that the hon. Gentleman said about Cornwall and the south-west also having a considerable problem.

I wish to draw attention to a number of matters in this short contribution. I am proud to represent an inner-London constituency, and housing is the biggest issue that my constituents face by a long chalk. The borough as a whole has 13,000 families on the register of those who need somewhere much bigger to live, and we have a very large number of young people and children growing up in grossly overcrowded accommodation. In such accommodation it is impossible for all the children to maintain good health, do their homework and achieve anything at school. It is hardly surprising that there is so much family breakdown and underachievement in school.

I have people in my advice bureau in tears because they have three teenage siblings, sometimes of widely differing ages, sharing a bedroom and they are unable to study or do any homework, with all the obvious consequences. That leads to underachievement in school and to consequences for the rest of our society, as those young people feel excluded from the education system and end up in the criminal justice system because of what they get into.

We have to recognise that the overall rate of private renting in Britain is growing at the expense of owner-occupation. That gap is growing much faster in London, to the extent that in my constituency, privately rented accommodation now accounts for well over 30% of all households, owner-occupation is below 30% and the rest is made up of council and housing association accommodation and a very small number of co-operatives. Almost a third of my constituents live in private rented accommodation.

For young people who are in work—perhaps a young couple earning reasonable salaries—it is impossible to raise the deposit for a mortgage even if they can afford one. Their only chance of buying is if their parents are well-off enough and prepared to remortgage their own property to provide them with a deposit. The average age of first-time purchasers in London is now in the late 30s, if not the 40s. The choice between private rented, council rented and purchased accommodation that the Government talk about so blithely simply does not exist.

Even in my borough, which is doing its very best on housing matters, it is impossible to buy somewhere under a part-rent, part-purchase shared ownership scheme. A key worker needs to be on more than double the average London income to get anywhere near buying somewhere under shared ownership. That is a major problem.

The situation has very serious consequences for London. Where are the skilled workers of tomorrow whom we need in the public service? Where are the service workers of tomorrow? Where will such people come from unless we seriously address the need to examine all sectors of housing difficulties?

Stephen Gilbert: The hon. Gentleman makes an eloquent case, and I agree with much of it. Does he agree that one concern is that a pernicious generational divide might be emerging, broadly between the baby boomers—the housing "haves"—and generation X, for which, as he rightly says, home ownership is an aspiration that many will never be able to meet?

Jeremy Corbyn: Absolutely. Those who own and occupy their own homes in my constituency tend increasingly to be much older people. If they pass on or decide to sell their property, it is nearly always sold to a speculative owner who then rents it out privately. The rental income from those properties is absolutely enormous. There is therefore a very strong case for seriously increasing the powers, facilities, opportunities and abilities of local government, and for intervening in the question of housing markets as a whole.

I turn very briefly, because the debate is short, to the case of my own borough council. It is doing its best to address the borough's housing issues, and it is building about 100 new council homes a year, largely on local authority housing land, disused garages, car parks and difficult places on estates. In some cases it has made agreements with preferred partners through housing associations, which are building on former industrial land, although there is not much of that, or on other sites. The council's condition for joint participation with a housing association is that it maintains the existing tenure system—a tenancy for life—and rent

[Jeremy Corbyn]

structure. That means that the rents are not market-related but economically related, and are those that the local authority charges. That is having a good effect, and the council is doing its best, but unless we can address issues on a wider basis, with much greater Government investment in council housing for rent, the needs of my borough will not be met any more than those of any other borough.

I have two points to make in the last 42 seconds that I have. The first is about housing benefit. Will the Government raise the cap on housing benefit, so that the new rent levels that are imposed on people do not force them out of their homes? I have lost count of the number of people who have come to my advice bureau about to lose their home because of the housing benefit cuts and rent increases.

Finally, the Labour mayoral candidate Ken Livingstone has proposed the concept of a London living rent. We have had a London living wage, and it is time to have a London living rent to be fair to people who are forced to live in privately rented accommodation by making it affordable, long-term and permanent.

3.17 pm

Peter Aldous (Waveney) (Con): I am grateful to you, Madam Deputy Speaker, and to the Backbench Business Committee for giving me the opportunity to raise the issue of sprinklers in buildings. I do so because last year a serious fire took place in commercial premises in Lowestoft, in my constituency. Thankfully there were no casualties, but if sprinklers had been installed, the significant impact and upheaval that subsequently affected many people would have been avoided.

Wessex Foods was a large food warehouse and factory located on the south Lowestoft industrial estate, processing raw meat into burgers. On Sunday 14 July 2010, firefighters from the local fire station were called to a fire at the site and arrived in just a few minutes. Unfortunately, the fire had already developed to such a degree that they were unable to go into the building safely. The building was completely destroyed by the fire, which took 10 days to be fully extinguished. At its height, 14 fire engines and 80 firefighters were at the fire, and over the course of the succeeding 10 days almost every firefighter in Suffolk attended the scene.

The impact on the local community was profound. A factory that had been in operation for 30 years has now been permanently closed and razed to the ground, and 150 people have lost their jobs. Despite the size of the building, at approximately 5,000 square metres, and the use to which it was put, sprinklers had not been fitted. If they had been, the outcome would have been completely different and the firefighters would have been back at the fire station within an hour.

There are compelling reasons why the current approach to sprinklers should be reviewed. Where sprinklers are installed, there is a dramatic reduction in fatalities and injuries. There has never been a multiple fire death incident anywhere in the world in a building fitted with a sprinkler system that has been designed to the appropriate standard for the purpose intended.

There is a need to have regard to demographic changes. People are living longer, and older people are particularly vulnerable to the ravages of fire. They may not be able to evacuate a building as quickly as young people. Those who suffer from dementia face added challenges. As a nation we are encouraging older people to continue living in their homes longer. I have no problem with that, but we need to ensure that elderly people, especially those living alone, are provided with an appropriate level of protection.

There has in the past been concern about the reliability and cost of sprinklers. However, in recent years, there have been significant advances in both design and reducing costs. The likelihood of a sprinkler going off accidentally is now estimated to be of the order of 16 million:1.

It is important to have regard to the views and needs of the fire service. Firefighters do a great job, often in hazardous and dangerous circumstances. We owe it to them to reduce risk as far as reasonably possible. With fire service budgets and resources coming under increasing pressure, it is important to focus on measures that make their jobs easier. I am mindful that in rural counties, including Suffolk, we are reliant on a combination of full-time crews and retained crews in market towns. As work patterns change, recruitment of retained firefighters is becoming more difficult. We thus need to ensure that we reduce the risk of major incidents wherever possible. It is also important for Government to listen to local fire chiefs and fire authorities. They are the people on the ground with first-hand experience, who invariably know best, and they advocate more widespread use of sprinklers. In the past year, not only Suffolk but Norfolk, Nottinghamshire, Derbyshire, Staffordshire and Humberside have demanded a more proactive approach.

For commercial and industrial premises, two issues need to be addressed. First, we find ourselves out of step with many other countries. In England, only buildings of more than 20,000 square metres are required to be fitted with sprinklers. In Scotland, that figure is 14,000 square metres, while in Germany it is 1,800 square metres. If we had been in line with the European average, the devastation caused by the Wessex fire would have been avoided. Secondly, there has been too little focus in determining policy up to now on the business disruption that arises from a major fire. In these difficult and uncertain economic times, we can ill afford that. Some 85% of small and medium enterprises that suffer a serious fire never recover or cease trading within 18 months.

It is important that the Government review the new and compelling evidence on sprinklers that is becoming available. This should be taken fully into account in the review of part B of the building regulations due in 2013. It is important that that review takes place on time and is not delayed. The evidence that we need to look at includes feedback from Wales, where the fitting of sprinklers in new residential property has been mandatory since the spring. Next year is the bicentenary of the installation of the first sprinkler system in Britain in the Theatre Royal, Drury Lane. Some might say that not much progress has been made in 200 years: I would say that now is the time to redouble our efforts to save lives, to protect the vulnerable and to safeguard jobs.

3.24 pm

Duncan Hames (Chippenham) (LD): May I wish you, Madam Deputy Speaker, and all the staff of the Houses of Parliament a very merry Christmas?

I speak today in support of increased local decision-making in the planning system. Specifically, I would like to encourage the Government to ensure that the neighbourhood plans made possible by the Localism Act 2011 give local people enough power to have a real say over what development takes place in their area, where it takes place and, crucially, whether it meets the sustainable development test.

There are many cases in my constituency that illustrate not only the ways in which people currently feel disengaged from the planning system, but the great potential in communities when they get organised. A great number of my constituents have contacted me about large housing developments proposed near Birds Marsh woods and the Avon floodplain in Chippenham. They have emphasised the importance of preserving the countryside around the edge of the town, and many have expressed their frustration at their apparent inability to affect the decisions being made. One lady made the point that,

"the voice of ordinary residents does not seem to be heard, and decisions are made by people for whom this is not their home".

Similarly, the expansion of an edge-of-town Sainsbury's superstore has recently been approved by the council, leading to the resignation in dismay of the chair of the Chippenham Vision group.

Earlier this month, I asked the Minister with responsibility for decentralisation what advice he would give to councils that face such developer interest in out-of-town sites. He assured me that the "town centre first" policy remains firm, but that development in Chippenham would suggest otherwise, as Wiltshire council felt free to ignore it. There will be no public confidence in a "take it or leave it" attitude to planning policy, with some councils proceeding with development that is neither sustainable nor what local people want, for fear of paying for expensive appeals by developers.

Glyn Davies (Montgomeryshire) (Con): I intend to speak on much the same issue later in respect of wind farms. Does the hon. Gentleman take the view that when the Government impose massive development on an area where the people simply do not want it, it poses a huge threat to people's faith in democracy?

Duncan Hames: The imposition of development plans that are not owned by the local community was exactly what we had in the regional spatial strategies—the grand regional plans left to us by the previous Government—and I applaud this Government for abandoning them. The RSS in the south-west of England never actually took legal force, and I am glad that it will never do so. It is important that people feel that decisions are made locally and democratically.

In Wiltshire, the council has not yet adopted its core strategy—its local plan—and we of course await the final version of the national planning policy framework in the spring. In the interim, our system is not robust enough to balance the competing interests in the planning process, and development too often seems inevitably set to proceed.

Jeremy Corbyn: For the hon. Gentleman's information, I was born in Chippenham, thus I have an interest in it. I applaud what he is trying to do. Out-of-town developments not only disfigure beautiful landscapes in a beautiful area; they also create vastly increased traffic and environmental consequences for everyone else, as well as a complete hollowing out and destruction of the town centre, which becomes the home for charity shops and banks—and very little else.

Duncan Hames: I completely agree with the hon. Gentleman, and I am delighted to learn of his interest in Chippenham. In fact, it was that very concern about the hollowing out of the town centre that prompted the resignation last week of the chair of the Chippenham Vision group, who had sought, in a voluntary capacity, to work with different parts of the community to build a vision for the future of our town centre. However, that was fundamentally undermined by the decision to grant a dramatic increase in the retail floor space of an edge-of-town superstore, which will no doubt be expanding into non-food items, threatening the businesses in our town centre, to which I shall return later.

Given the Government's new presumption in favour of sustainable development, and given the record of other councils in agreeing permissions on unallocated "white land", which does not benefit from the protections in the draft framework, I see a need for robust mechanisms to ensure the rigorous application of that presumption according to clear tests. I was encouraged by a recent response that I received from the Under-Secretary of State, Baroness Hanham, who, without pre-empting the consultation responses, acknowledged that the meaning of "sustainable development", as well as its application, was an area where the Government needed to look again more closely in the consultation. I would suggest that a crucial part of any mechanism for deciding whether an application qualifies for that presumption should be input from the local community. The question should not end up being decided in the courts through case law, or by planning inspectors. If that happens, the Government will not achieve their objective of greater localism.

Instead, I suggest that we should look to the examples offered by communities in Wiltshire that are working with the Government's framework for neighbourhood plans in the Localism Act 2011. Woolley, in Bradford-on-Avon, and Malmesbury, in north Wiltshire, are two communities that are seizing this opportunity. In their impressive document, "Plan for Woolley 2026", residents have come together in an entirely voluntary capacity as Friends of Woolley to draw up a framework for Woolley's physical, community and economic development for the next 25 years. Meanwhile in Malmesbury, Councillor Simon Killane is spearheading the neighbourhood planning pilot scheme. That includes a neighbourhood forum, which will bring residents and community organisations to meet potential developers to discuss their plans and what they might mean for the local community and the infrastructure it needs. Those plans will be assessed against the neighbourhood plan, based on residents' own aspirations and ratified by a local referendum.

I was pleased to read Baroness Hanham's assurance that such neighbourhood plans will have to be "given a fair hearing" against other local authority plans or, indeed, the national planning policy framework. The 2011 Act gives neighbourhood plans statutory force. As she points out, such plans will have to be

"in general conformity with strategic policies in the local plan".

However, the word "general" is very important. It reminds me of the old planning policy statement 12, whose definition stated that

[Duncan Hames]

"the test is of general conformity and not conformity."

That means that it should be possible for a neighbourhood plan to conflict with land allocations in existing core strategies or local plans, as long as the general aims of development can be achieved, perhaps by bringing different land into use. The Government need to be clear about what "sustainable development" is taken to mean in that context. In my view, sustainability encompasses the impact of development on carbon emissions, travel-to-work journeys, the conservation of wildlife and the preservation of our countryside.

I would not oppose housing development, but I believe that local plans need to propose development that accommodates the needs of the local population and the understood demographic changes that are envisaged, and not be about accommodating outflow or overflow from other towns. To do so would be to allow a council's settlements to become dormitories, which is something that we are vigorously fighting against in Wiltshire. Members should be aware that the Select Committee on Communities and Local Government is due to publish its report on the draft national planning policy framework tomorrow. I look forward to reading its recommendations and contributing to further debates on this subject, so that we might harness the power of genuinely local decision making in our planning system.

3.32 pm

Justin Tomlinson (North Swindon) (Con): Thank you for this opportunity to raise the subject of financial transparency in local government, Madam Deputy Speaker. I would also like to extend my thanks to the TaxPayers Alliance and the Local Government Group for providing some of my research notes.

This is an important issue, because we would all agree that we should be doing everything we can to ensure that council tax is affordable, especially against the backdrop of pressure on front-line services, particularly adult social care, which is piling on costs for local authorities. With that in mind, I welcomed the Secretary of State's announcement in June 2010 calling on councils to provide financial transparency by publishing online information about spending over £500 by the end of January 2011; all councils except Nottingham city council have now done so. Such financial disclosure will act as a trigger, enabling local taxpayers to see how councils are using public money, shine a spotlight on waste, establish greater accountability and efficiency, open up new markets, and improve access for small and local businesses and the voluntary sector.

To strengthen that, the Government published their "Code of recommended practice for local authorities on data transparency" in September 2011. The code stipulates that the provision of public data should become integral to local authority engagement with residents, so that it drives accountability to them, it should be promoted and publicised, so that residents know how to access it, and it should be presented in a way that encourages residents to use and compare such data. Despite all that, however, we have not been overrun by a fully mobilised army of armchair auditors seeking to identify savings. This is a real opportunity that has been missed. To my mind, that is because although a vast amount of data has been put into the public domain, much of it is hard to comprehend.

I believe that the focus should be on the quality rather than the quantity of what is available. Three examples highlight this. First, most councils publish their expenditure to comply with the guidelines, but that does not necessarily mean that the publication is clear. Individuals are therefore often unable to challenge expenditure. Secondly, we have seen examples in which, when the data are printed off, font size 2 is used. Those data are technically accessible, but they are not exactly readable. Thirdly, the information is often hidden away on websites. A good example is provided by Birmingham city council. To access its data we have to go to the homepage, then click on "Council and Democracy", then on "Services", then on "Featured Services", then on "Corporate Resources Directorate", then on "Invoices and Payments", and then on "Payments to suppliers over £500". The process takes us through seven different pages, and it is not signposted in any way. The information would be very hard to find without going through the DirectGov site—or being Columbo. Chris Taggart, the founder of OpenlyLocal.com, has said:

"Public sector data is still being treated as an asset to be sold, rather than an underlying infrastructure of a modern democratic society, and with this approach people and the innovators who seek to empower them are marginalised and disenfranchised."

There are, however, many good examples of local authorities providing data in innovative and eye-catching ways. Examples are Kensington and Chelsea, and Northamptonshire, which map the data so that residents can understand at a glance where the money goes. The Chartered Institute of Public Finance and Accountancy says that councils should set out reasons for particular spending decisions so that a more informed judgment can be made. It also highlights the need for effective feedback mechanisms, so that people can comment on spending and have their views taken on board.

Information needs to be accessible, transparent and understandable. I therefore welcome the five steps to fully open data that are set out in the code, but they need to be more robustly enforced. Guidelines could be altered to ensure that local authorities published their expenses in a comprehensible manner. A number of small and medium-sized enterprises are also working with open data, including OpenlyLocal, Spotlight on Spend and Armchair Auditor. Those private enterprises are all developing new ways of presenting council data. I would urge central Government to encourage local government to make use of such sites to break down its spending and make it more easily digestible and comparable.

I also have a recommendation. I would like to use incentives to encourage residents to become that army of armchair auditors. There is a fear that any savings that residents identify will simply disappear back into a council black hole. Perhaps 50% of the savings could go back to the council for it to spend as it wished, with the other 50% being spent on the front-line service of the resident's choice. That could involve improving the local school, the local community library or a local sports club. This could be processed by a committee of back-bench councillors and finance officers, who would weed out the majority of suggestions. Probably 95% of the expenditure identified would be justifiable; it might just have been badly explained on the council website, for example. The remainder of cases could be passed on to the lead member for finance to bank, which would help the taxpayer and improve front-line services. CIPFA

has also pointed out that when expenditure is found to be justifiable, a letter should be sent to the resident to explain what the money is being spent on.

A number of arguments have been made against this proposal. Some councils have said that they would be embarrassed if residents found that they were not spending money efficiently. I say that they should embrace that, because if a saving is identified, the council will have the opportunity to spend the money on something that people will reward it for. Nottingham city council says that the process would cost too much money. I do not think that that is an excuse when there is so much pressure on council tax bills. It has also been suggested that it would be too difficult to provide answers, but I find that unacceptable. Surely someone is signing off those budgets, and therefore owns them. A further argument is that much of this would involve one-off expenditure, but I believe that local authorities should still learn from such experience. This is a real opportunity to enthuse local residents and to deliver much-needed savings.

3.38 pm

Mark Hunter (Cheadle) (LD): I am conscious that it is a privilege as well as a duty to wind up a debate for the Government from the Dispatch Box on any subject. Having spent some 18 years as a local councillor myself, including three years as leader of Stockport council, before being elected to this place, winding up a debate on local government issues today is a special honour for me.

Members on both sides of the House acknowledge that local government faces unprecedented challenges. All councils are effectively being asked to do more with less, and some are managing it better than others. I am confident—indeed, the coalition Government are confident—that local councils up and down the country are equal to the task. This Government want to work with local authorities whenever and wherever they can in a spirit of partnership.

Most Members of all parties are genuinely committed to good, sound local government as the most effective way of delivering the essential public services on which so many of our constituents depend. We recognise and acknowledge that there are hundreds of thousands of dedicated professional people employed by local authorities who are doing a very good job to the best of their ability. Although we expect councils to share the burden of our deficit reduction strategy, it is not because of some ideological desire to do down the public sector, but because local authorities collectively account for about a quarter of all public expenditure. As the country struggles to overcome the difficult financial situation we are now in, councils have a key role in helping to tackle the problems.

I have been particularly pleased to note the Government's progress on their empty homes strategy, their investment in social housing, and increased democracy in the planning network through neighbourhood plans—putting local residents in charge of the decisions that affect them.

Let me now deal with today's debate. I start by thanking all Members who have contributed by speaking passionately about their own concerns—and, more importantly, those of their constituents. In the time available, I will endeavour to give a worthwhile response to each Member's speech.

The hon. Member for Wirral West (Esther McVey) referred to the development of the port of Liverpool to promote economic growth. As a fellow north-west MP, I am familiar with the issues she spoke about. Indeed, the hon. Lady and I share in our constituencies the great river Mersey, which, as everybody knows, starts in Stockport and finishes in Liverpool—not the other way round.

I am speaking for this Government and for myself when I say that it is vital for the Government to continue to do everything in their power to contribute to economic growth in the Liverpool city region, the north-west region and, of course, across the rest of the country as well. The hon. Lady is right that the port of Liverpool has a crucial role to play in all this. As she will be aware, the Government have welcomed the report on Liverpool by Lord Heseltine and Sir Terry Leahy. Their knowledge and understanding of the issues have been invaluable in shaping that report. Although it was an independent report, so Government policy will not be bound by it, we acknowledge that it provides a unique opportunity—not shared by other cities—for Liverpool city region and its partners to own the recommendations and to drive them forward in partnership with central Government. It has been noted and acknowledged that 6,000 jobs and £1.6 billion-worth of investment could be added to the wider SuperPort initiative by 2020.

The hon. Member for Walsall South (Valerie Vaz) talked about planning issues in her constituency. The first thing I would say to her is that I am no stranger to the frustrations of the planning system myself, so I sympathise with some of the frustrations she expressed today. As it happens, like the hon. Lady—I do not know whether it is appropriate to declare the interest—I am a member of the National Trust.

This Government clearly acknowledge that an effective planning system is vital for economic growth, for strong and vibrant communities and for a sustainable environment. As I am sure the hon. Lady is already aware, I cannot personally discuss the merits or otherwise of individual planning applications, as there is a strongly held convention that Ministers do not comment on the merits or otherwise of such an application in case it impinges on the impartiality of the Secretary of State, should that application come before him for determination. The specific issues she refers to are, of course, the responsibility of Walsall metropolitan borough council.

Reforming the planning process is one of the Department's key priorities and I am sure that the hon. Lady, like myself, will be looking forward to reading the Government's response to the national planning policy framework consultation, which will be published in spring next year. Indeed, the coalition agreement and the growth review commit the Department to a radical package of reforms that will transform the planning system to ensure it meets the aspirations of our communities and supports the sustainable development that the country needs while at the same time being as simple to understand and as streamlined as possible.

The next contribution was from my hon. Friend the Member for St Austell and Newquay (Stephen Gilbert). I start by praising his campaigning work on homelessness. I know he has an excellent track-record on this issue both in his own constituency and at a national level. He speaks with great passion about the topic. I can confirm the coalition Government's commitment to action on the issue, on which they have already done a great deal of work.

[Mark Hunter]

Let me mention just a few of the measures that we have taken. We have protected the £6.5 billion Supporting People budget, and we will invest £400 million in homelessness prevention over the next four years. We recently announced a £42.5 million boost to provide more than 1,500 new and improved bed spaces to improve hostels for rough sleepers and ensure that those coming off the streets receive the support they need. We are giving an additional £20 million to Homeless Link for a new homelessness transition fund to support the roll-out of No Second Night Out and protect vital front-line services. I echo my hon. Friend's tribute to the valuable work done by St Mungo's, which was also mentioned by other Members, and by St Petroc's in his constituency.

I agree with the hon. Member for Islington North (Jeremy Corbyn) about the importance of affordable housing, not just in London but throughout the country. The Government have manifestly taken serious steps to tackle the chronic lack of such housing. In 2011-12 we are allocating £40 million to London boroughs to prevent homelessness and tackle rough sleeping. The Department has also transferred £8.45 million a year to the Greater London Authority for four years so that it can fund and commission pan-London rough sleeping services. They include rolling shelters, tenancy sustainment teams and outreach services which generally operate across borough boundaries.

As was mentioned earlier, we have provided £12.5 million for Crisis, the national charity for single homeless people, for a crisis private rented sector development programme to enable the voluntary sector to set up private rented sector access schemes for single homeless people. In its first year alone, the programme will lead to the creation of more than 1,500 tenancies. Our £4.5 billion affordable homes programme is set to exceed expectations and deliver up to 170,000 new homes by 2015.

My hon. Friend the Member for Waveney (Peter Aldous) spoke of the benefits of installing sprinklers in residential and commercial new-build properties. I listened with interest as he made his case—with great enthusiasm—and I am sure that the Department will also have noted its merits, especially given his detailed knowledge of the terrible fire at Wessex Foods in his constituency, to which he has referred before.

My hon. Friend did not call for the introduction of new regulations, although he highlighted the fact that sprinklers can save lives, thus preventing a considerable impact on the local community. It is important to note, however, that building regulations already contain provisions for the installation of sprinkler systems in buildings where the risk is considered high enough to justify their use—such as tall blocks of flats, commercial and industrial premises, and assembly and recreational buildings over 30 metres high—as well as provisions for large storage buildings and care homes.

In December last year, following an extensive public consultation exercise, the Department published the findings of a review of building regulations in a report entitled "Future changes to the Building Regulations—next steps". The review concluded that there was no new evidence that would justify revisiting the requirements for sprinkler protection for all buildings at present.

I commend the work being done by my hon. Friend the Member for Chippenham (Duncan Hames) in relation to the national planning policy framework on behalf of his constituents. I assure him that his views are being taken into account in the national planning policy framework consultation, which—as all Members will know—recently closed. I am sure he appreciates that I am not in a position to pre-empt the outcome of the consultation by commenting on the issues that have been raised today, but I know that he joins me in welcoming the aim of the reforms, which is to simplify a system that most people agree has become too complex and confrontational, and to emphasise the central and critical role of the local plan to decision making. The draft national planning policy framework distils more than 1,000 pages of national policy guidelines into about 50.

We have made clear through the housing strategy published on Monday 21 November that we must do more to provide homes for young people and growing families. We also need jobs in expanding businesses. However, that will not be at the expense of our natural and historic environment. The points made by my hon. Friend about sustainability are hugely important.

Finally, I agree with my hon. Friend the Member for North Swindon (Justin Tomlinson) that financial transparency in local government is essential. Like me, he served as a local councillor before being elected to the House, and it was interesting to hear about his experience in Swindon. The coalition Government expect councils to be transparent about their finances. We have set out our expectations in our code of recommended practice for local authorities on data transparency, which was published on 29 September 2011. As set out in the code, all local authorities in England are now expected to publish online details of any expenditure of over £500. We have been very pleased with the positive response from councils in respect of publishing this information—with one or two notable exceptions. I am also pleased that local government is continuing to forge ahead and publish a wealth of further information beyond expenditure, such as on contracts and tenders, council allowances, senior salaries and payments.

I am aware that I have run out of time, but may I conclude by wishing all Members a very happy Christmas and a prosperous new year?

ENERGY AND CLIMATE CHANGE

Madam Deputy Speaker (Dawn Primarolo): Five Members wish to take part in this debate, so a time limit of six minutes has been set. May I remind the Minister that the time allotted to him to respond to the debate is up to 10 minutes? The timings this afternoon are tight, and we want to make sure that every Member who wishes to participate in debates has the opportunity to do so. We will therefore be grateful if Ministers co-operate as well.

3.51 pm

Glyn Davies (Montgomeryshire) (Con): I have spoken about wind farms in mid-Wales before, in particular in a Westminster Hall debate on 10 May, which I secured. It is the dominant issue in my constituency, and in the neighbouring constituencies of the hon. Members for Ceredigion (Mr Williams) and for Brecon and Radnorshire (Roger Williams), who are not present today.

I am sceptical about onshore wind, and have been for a long time, and an increasing number of MPs have been contacting me since the Westminster Hall debate to tell me that they agree. I do not want merely to repeat the points I made in May, but I must outline why I am sceptical about onshore wind and why I am so implacably opposed to the mid-Wales connection project.

The cost of the huge subsidies involved is a matter of great concern, particularly to the poorest citizens in our society. Between 5 million and 6 million people are already in fuel poverty, and they are facing a choice between heating or eating. This is, in effect, a Robin Hood tax in reverse: the poorest people in society are having to pay additional sums in their energy bills and that money is being transferred to huge, powerful companies.

There is also an impact on business competitiveness. Some 1 million young people are unemployed in our country—that is 1 million lives scarred by the scourge of unemployment. We are doing what we can to find jobs for those people, but we are making matters worse by undermining competitiveness and driving jobs overseas.

There is also the impact on the landscape, which is particularly important to me. History in Wales teaches us the cost of thoughtless development. We had coal spills dumped all over the valleys, which this generation has had to pay to clear up. We have had irresponsible coniferous forestation, which caused massive environmental problems, and which this generation has also had to clear up.

I am particularly concerned about the scale of what is proposed in mid-Wales—the sheer horror of it. The mid-Wales connection is based on the largest ever onshore wind development in England and Wales. Under the proposals, permission will be granted for the erection of about 500 new onshore wind turbines in mid-Wales—the final figure depends on their size—over and above the 250 that currently exist and those that already have planning approval. There will also be a 20-acre electricity substation and about 100 miles of new cable, much of it carried on steel towers 150 feet high down one of the narrow valleys that lead from mid-Wales to Shropshire. It is scarcely believable; the scale is almost impossible to comprehend. Not even the enemies of Britain over the centuries have wrought such wanton destruction on this wonderful part of the United Kingdom.

However, today I want to speak about the impact of wind farms on democracy—that great invention that is the foundation of Britain's constitution, and which is being disregarded so casually throughout Europe. I wanted to entitle this speech "Wind farms and democracy in mid-Wales", but I felt that that would be deemed too tendentious.

In his response to my speech on 10 May, the Minister of State, Department of Energy and Climate Change, my hon. Friend the Member for Wealden (Charles Hendry) offered some reassuring comments. In referring to wind farm development, he said that

"it must be in the right location, and it must have...democratic support".

He warmed to this theme, saying that

"too often, onshore wind is imposed on communities that do not want it. I am keen to ensure that we address that democratic deficit...in our plans."

He went on, adding with a flourish that

"it needs more democratic legitimacy than it has today, and I intend to ensure that that happens."—[*Official Report*, 10 May 2011; Vol. 527, c. 365-67WH.]

I was much encouraged, not surprisingly.

In my speech on 10 May, I also referred to a public meeting in Welshpool, to which 2,000 people came. I asked those people to come with me on a three-hour journey to Cardiff to express their views to the National Assembly. A few weeks later, they did—2,000 of them, on 37 buses. It was the best protest ever seen outside the National Assembly. That is how strongly people feel, and as a result the First Minister changed his position on the maximum cumulative impact that could be allowed in mid-Wales. He said that a new 400 kV line and a substation were not needed. We were generally encouraged, but then the giant energy companies got to work, the way dark forces do in science fiction. These massively powerful wind farm companies—leviathans fattened on public subsidy—got to work with a mixture of threats to people and community payments, which is a way of securing support for their proposals locally. A terrific amount of pressure was applied, and there was a huge lobbying exercise.

Members can imagine my shock and disappointment at reading a BBC report two weeks ago which said that more wind farms and pylons may be built in Wales in the national interest, despite local protests. The very same Minister whom I quoted earlier was quoted as saying that

"this is a national decision...the local views are important...but at the end of the day we are making decisions in the national interest".

In the national interest—that is autocracy, not democracy.

Even more shocking is the pressure being put on local planning authorities. They are being pressured into deciding on applications by a particular date, and conditions have been ignored. They are told that all the conditions that would apply to any other planning application must not apply to wind farm developments. Transport infrastructure, ecological and environmental information, power usage—none of these factors is known, and yet they are being pressured into making decisions. It is utterly outrageous.

Madam Deputy Speaker (Dawn Primarolo): Order. I call Caroline Lucas.

3.57 pm

Caroline Lucas (Brighton, Pavilion) (Green): Thank you, Madam Deputy Speaker, for calling me to speak in this debate. The international aim of limiting the impact of climate change to so-called acceptable consequences is, according to current trends, set to fail. That is notwithstanding the fact that the Energy and Climate Change Secretary told the House last Monday that the Durban climate conference

"was a clear success for international co-operation."—[*Official Report*, 12 December 2011; Vol. 537, c. 569.]

The executive secretary of the UN framework convention on climate change saluted the countries that had made this agreement, but the executive director of Friends of the Earth called the Durban agreement

"an empty shell of a plan"

that

"leaves the planet hurtling towards catastrophic climate change."

Others were even less diplomatic.

The gulf between these different reactions reflects the gulf between the reality of the current political process and the reality of what the science tells us we need to do. Indeed, it says it a lot about people's expectations that, after so many climate talks and empty pledges over the years, an agreement "in principle" to tackling climate change from 2020 can still be hailed as an overall success.

There has for a number of years been almost universal agreement on the need to keep climate change within a range that would limit its impact to a so-called acceptable level. That is the risk that Governments have decided they are willing to take on our behalf, and on the whole, the public have accepted this position in the belief that we will be spared from "dangerous" or "very dangerous" climate change.

The threshold between "acceptable" and "dangerous" climate change has been the famous target of limiting warming to no more than 2° C above pre-industrial levels, which, in theory at least, is the limit that international negotiations are striving not to breach. But today the fight to ensure that the planet and its people suffer only the "acceptable" consequences of a warming world faces a double threat.

First, Governments have so far failed to take the action needed to protect their current and future populations from the worst of climate change. Writing in the Royal Society's journal earlier this year, a group of leading climate scientists explained that

"the continued rise in greenhouse gas emissions in the past decade and the delays in a comprehensive global emissions reduction agreement have made achieving this"—

2°—

"target extremely difficult, arguably impossible, raising the likelihood of global temperature rises of 3°C or 4°C within this century."

The consequences of the latest weak and delayed agreement are laid bare by Fatih Birol, the chief economist at the International Energy Agency, who has said:

"If we do not have an international agreement, whose effect is put in place by 2017, then the door to"—

holding temperatures to below 2° of warming—

"will be closed forever".

The second threat is that, as the latest science shows, even a 2° temperature rise is too much. Indeed, the evidence now points to the need to keep global temperature increases to less than 1.5° at most. So it is deeply worrying that, according to the world's leading climate change monitoring programme, average temperatures are 1° higher than those in the 1950s. Current research released in the run-up to the Durban conference, including work from the Potsdam institute, the Met Office's Hadley centre, the United Nations Environment Programme and the International Energy Agency, shows that on average the world is expected to warm by at least 3.5° by 2100. If that is an average, the grim reality is that some parts of the world are likely to be warming significantly more.

I raise these issues because it is crucial that we base our climate policy on the best available science. The clearest expression of the accumulation of emissions and the atmospheric concentration of greenhouse gases was given by the European Environment Agency. The latest data show a concentration of 399 parts per million of CO_2 equivalent. The UK's current carbon budgets, which theoretically aim for a less than 2° temperature rise, are based on greenhouse gas concentrations stabilising at 450 parts per million of CO_2 equivalent, but even that level in no way guarantees protection. The Intergovernmental Panel on Climate Change's fourth assessment report makes it clear that if global CO_2 equivalent concentrations are stabilised about 450 parts per million, the risk of exceeding a 2° warming is about 50%. In other words, that is the equivalent of getting on a plane with only a 50:50 chance of it not falling out of the sky.

It is crucial that we make sure that our policy is based on the latest science. My speech is not the usual kind of intervention where we are scoring political points and focusing on short-term tactical questions. I believe and I hope that I am doing something more important than that. I am putting on the record the fact that we face a climate crisis of extraordinary urgency, and if we are to have any hope of tackling it, we need to be working on the basis of the right data. So I have three questions for the Minister to answer. First, will he agree to examine the latest science, and, as necessary, work to change the UK's domestic targets to ensure that they continue to respect the political and public consensus to limit climate change to "acceptable" consequences? Secondly, will he ensure that the Government take the action needed to limit our emissions in time and in line with our global responsibilities to prevent climate change reaching dangerous levels—and that means including the emissions that are embedded in imports? Thirdly, will he fight on the international stage to do everything possible to ensure that all Governments take the same approach? If we continue to fiddle while not only Rome, but the whole planet burns, we will go down in whatever history can follow us as the species that spent all its time monitoring its own extinction, rather than taking active steps to avoid it. The Government say that there is no plan B on the economy. That is debatable, but the fact that there is no planet B is not.

4.3 pm

Andrew Selous (South West Bedfordshire) (Con): It is always a pleasure to follow the hon. Member for Brighton, Pavilion (Caroline Lucas).

I represent a constituency that has a large number of park homes, which I visit regularly. I am particularly grateful in this regard to a constituent, Mrs Lorraine Bond, who has a Whipsnade park home. She asked me to come to see her a couple of weeks ago, having

corresponded with me for quite a while about the exorbitant cost of heating her home using liquid petroleum gas cylinders—this is common for many park home residents. She told me that last winter, when it was cold, she was spending £300 a month on average to keep her park home warm. It is possible to have five extremely cold months in a difficult winter in the United Kingdom, so my constituents are having to spend £1,500 to keep their park homes warm. If we bear in mind the fact that most park home residents are elderly—they tend to be pensioners—and often on low and fixed incomes, the House will realise the significance of that sum. It causes me great concern and that is why I wanted to raise the matter with the Minister today.

The Office of Fair Trading just completed its off-grid energy report in October of this year. It describes the cylinder LPG market as

"a mature and declining market"

of only some 25,000 to 50,000 homes for the 47 kg cylinders of LPG. It points out that bulk LPG is more economical and involves greater ease of delivery and handling, but even bulk LPG is more expensive than other off-grid fuels such as heating oil, about which we hear a lot in this House, solid fuel or electricity. They all, in turn, are much more expensive ways of heating one's home than a mains gas supply connection, which many rural areas do not have.

The market for liquid petroleum gas—propane and butane in the main—is very limited. There are only three major cylinder suppliers, Calor Gas, Flogas and BP Gas, and the OFT noted that retail arrangements for cylinder LPG

"in effect require dealers to deal exclusively with one supplier."

It notes, with considerable understatement, that

"these agreements could potentially restrict competition."

The OFT has said that it

"may return to these issues in the context of the wider cylinder LPG market at a later date".

It urgently needs to do so, because we are talking about very vulnerable people on low incomes with little choice about the way in which they heat their homes. Our current regulation is purely through the OFT and the Competition Commission, because Ofgem and Consumer Focus do not have a remit for this market.

What can we do? The first thing we need to do is ensure that any future potential park home residents are well aware before they move in of how much it could cost to heat their home. They need to have that knowledge before they take the decision to become a park home resident.

I was encouraged when earlier this year, on 24 March, in column 1084 of *Hansard*, one of the DECC Ministers said that the green deal and the energy company obligation would apply to park home residents. That is very welcome, but what has happened with the renewable heat premium payment? Some £15 million of Government money, aimed at around 25,000 homes, is due to be spent up to March next year, so have park homes been covered by that payment scheme? If they have not been, can we ensure that they are in the remaining months?

My major question for the Minister concerns whether the renewable heat incentive, which starts in March next year, will apply to park home owners. As I hope I have outlined, they are some of our most vulnerable residents who are in greatest need of the new technology and financial support that the Government are bringing in through that incentive. I understand that at the moment that decision is still, in classic Government language, "subject to policy development", so I urge my hon. Friend the Member for North Norfolk (Norman Lamb), as the Minister on the Front Bench, to ensure that this group are covered. As I have said, they are the most vulnerable residents and they need this help.

A couple of weeks ago, I visited a major new development in my constituency in Houghton Regis, on Sandringham drive, where every roof—the hon. Member for Brighton, Pavilion (Caroline Lucas) will be pleased to hear this—had photovoltaic cells on it, leading to water heating. It did not benefit from the renewable heat incentive, but the residents told me that they had very light heating bills last year as a result of that new technology. Above all, park home residents, who are mainly pensioners and mainly on low incomes, should be the ones to benefit from the renewable heat incentive and the technology that is coming in, which could make heating their homes much more affordable.

4.9 pm

David Mowat (Warrington South) (Con): Over the next few minutes, I shall give a critique of aspects of the Government's energy policy, but first I thank the Government for having an energy policy that it is possible to critique. Although I do not want to make a party political point, it is worth reflecting on the legacy that we inherited. On renewables, we were 25th out of the 27 EU countries, in front of only Malta and Luxembourg. Some 90% of our energy is from gas, coal and oil; 2.5% is from renewables. Furthermore, in 2010—the last year for which figures are available—the percentage of our energy that came from renewables actually fell. That is a staggering achievement, and it is worth noting.

What the previous Government were able to do—they had some success in this—was pass legislation, some of which is important, and that is the basis of what I shall talk about today. The Climate Change Act 2008 requires us to reduce our emissions by 80% from a 1990 baseline. I will not argue about the basis for that; we have heard from the hon. Member for Brighton, Pavilion (Caroline Lucas) about the importance of the 2° C target. I agree with much of what she said on that, but as she is present I just make the point that if she, like George Monbiot, had accepted that nuclear power has a part to play in meeting the target, her speech would have had more resonance.

The Act places onerous requirements on us. Broadly speaking, reducing our use of carbon by 80% from a 1990 base requires a strategy that may embrace 25,000 wind turbines—I say that with some regret to my hon. Friend the Member for Montgomeryshire (Glyn Davies), who is sitting in front of me—and 25 nuclear power stations. Of course, it would also mean a massive reduction in energy use; I think that Members on both sides of the House would agree with that, and the green deal is a great way forward. My difficulty is with the next Act that the previous Government enacted, relating to the EU 20-20-20 directive of 2009, which requires us to produce 15% of our energy from renewables over the next decade. In my judgment, that directive contradicts our needs under the Climate Change Act 2008. We must decarbonise, and not necessarily go in for a renewables frenzy.

[David Mowat]

People might wonder why that matters, given that renewables need to be part of the mix. It matters because the emphasis on renewables has, in my judgment, meant that we have de-emphasised other low-carbon solutions that need to go ahead much more quickly, such as nuclear power and more use of gas, which I shall discuss.

One particular aspect of the renewables frenzy brought about by the 2009 directive undermines our ability to decarbonise, and we can see it in the solar power episode that is still playing out. We made a decision to pay 40p per unit for electricity that we can sell for 8p or 9p a unit. That, of course, generates a big industry. We make that subsidy even though we are no more than 2% or 3% of the global industry for solar, and therefore realistically cannot make a big difference to how the price comes down, and even though solar power produced through photovoltaics produces more than three times more carbon than nuclear power, as was shown in a recent peer-reviewed paper from Imperial college.

Why does all that matter? Why does it matter whether we go for renewables so hard, as opposed to going for gas, which is part of this? One of the things that we have to do is get our car and transport infrastructure off oil. We shall do that not just by electrifying, although that might be part of the solution, but by going down the route of gas cars. There are about 10 million gas cars in the world, more than 2 million of which are in Pakistan. There are nothing like that many electric cars. To say that gas is not part of the solution is just wrong.

Glyn Davies: Notwithstanding the fact that my hon. Friend is focused on putting too many wind farms in my constituency, I agree with much of what he says. Does he agree that we need to emphasise the potential of tidal power as well? I have not heard that mentioned a great deal. The Severn barrage can supply 5% of British energy needs. The potential of tidal power is massive.

David Mowat: I thank my hon. Friend for that intervention. I am not an expert in hydro power, the potential of which is very large. We have a deadline of 2017 to replace about a third of our generating capacity. To do that, we must use proven technology. That meant nuclear, but we might be late for that now. It is going to end up being gas, because gas is the default solution of a failure to invest in other technologies.

The very real need to decarbonise is being threatened by the costs that we are incurring through a strategy that is too focused on introducing the wrong sort of renewables too quickly. Let me give an example of the likely cost of the carbon floor. A £70 per tonne price of carbon will add about £400 to £500 to the average domestic bill. That is important because fuel poverty is at 10% now. We have energy-intensive industries laying off people or not investing in this country, in the context of trying to grow manufacturing as a percentage of GDP. The risk is that that will prevent some of the things that we need to do in pursuing decarbonisation. I ask the Government to consider this point: optimising renewables is not the same as optimising decarbonisation, and we need to do the latter.

4.17 pm

Chris Heaton-Harris (Daventry) (Con): It is such a pleasure to follow my hon. Friend the Member for Warrington South (David Mowat), who is a great mind in all areas of energy and one of the more assiduous Members of the House when it comes to constituency work, I am told.

I welcome the hon. Member for North Norfolk (Norman Lamb), who is standing in on behalf of Department of Energy and Climate Change Ministers. So far in this debate, the Government business managers have replied, probably better than most of the Ministers would have been able to do on their own, so I welcome the hon. Gentleman. He should be aware that the Secretary of State for Energy and Climate Change has a history of getting people to stand in for him in various matters, but I trust that his Christmas present from the Secretary of State will be slightly nicer than others that he might have given in the past.

Like my hon. Friend the Member for Montgomeryshire (Glyn Davies), I am suffering from a spate of wind farm applications in my constituency. For years I have been campaigning against them. We should have gone nuclear a lot earlier, as my hon. Friend the Member for Warrington South said. There is a fantastic quote in a very good book, "Let Them Eat Carbon" by Matthew Sinclair of the Taxpayers Alliance: "Renewable energy is plagued by old problems. Whilst the wind and the sun are free, using them to supply energy when and where we need it to power a modern economy is extremely expensive."

We all know that, and even the hon. Member for Brighton, Pavilion (Caroline Lucas) would have to recognise it, so why do we keep trying to foist onshore wind farms on to areas of low wind speed, where they devastate areas of natural beauty? I guess it is because wind was the only game in town for a long time and its lobbyists are among the best.

I thought that in the spirit of localism, it would be a good idea to give power to local authorities, so I introduced a ten-minute rule Bill, the Onshore Wind Turbines (Proximity of Habitation) Bill a number of months ago. It languishes, I think, at No. 13 for the next Friday sitting that we might have, so is unlikely to see the light of day in this Session. However, I would like to think that, like the gubernator of California, it will be back in some form in the future. I offer it to Ministers as a way forward in trying to solve some of the problems by letting local councils decide the correct proximity of wind turbines to habitation.

Why am I so interested in this? In Daventry district, 19 sites are being looked at, are in the planning stage or are on appeal for wind turbines, most of which would be about 126.5 m high, roughly the size of the London Eye, and in a beautiful, green part of rolling English countryside. I am against the turbines because they simply do not work. Last December was one of the coldest periods on record, but it was also remarkably still. The turbines barely produced any energy and we needed to use all the other carbon-eating technologies.

Glyn Davies: Does my hon. Friend agree that the sheer antipathy to wind farm development right across Britain is turning people against the development of renewable energy? It is transforming antipathy to onshore wind into antipathy to renewable energy.

Chris Heaton-Harris: I absolutely concur. I know from my mailbag and from the number of e-mails I receive every day on the matter that people are turning against renewables of just about every type because wind turbines are, among other things, so badly sold. Onshore wind generation requires a 100% back-up of carbon-burning technology or nuclear energy, should the wind not blow, and in addition to the devastation of the visual environment there are the problems of noise and flicker. They are the wrong renewables choice.

That brings me to some unbelievably bad news I received yesterday about my constituency. There was—how can I put it?—a disgraceful, vulgar, disrespectful, terrible, shameful, contemptible, detestable, dishonourable, disreputable, ignoble, mean, offensive, scandalous, shabby, shady, shocking, shoddy, unworthy, deplorable, awful, calamitous, dire, disastrous, distressing, dreadful, faulty, grim, horrifying, lamentable, lousy, mournful, pitiable, regrettable, reprehensible, rotten, sad, sickening, tragic, woeful, wretched, abhorrent, abominable, crass, despicable, inferior, odious, unworthy, atrocious, heinous, loathsome, revolting, scandalous, squalid, tawdry, cowardly, opprobrious, insulting, malevolent, scurrilous and basically stinkingly poor decision of the Planning Inspectorate to approve the Kelmarsh wind farm, which will devastate huge swathes of beautiful rural Northamptonshire. It used an old-fashioned east midlands regional plan, which I thought we had abolished in the Localism Act 2011, did not take into account any emerging policy in this area, not least the national planning policy framework, and used the targets, which the hon. Member for Brighton, Pavilion is so passionately attached to, of getting 20% of our energy from renewables by 2020.

It is unbelievable that one planning inspector can overrule all elements of democracy, local and national, including parish and district council opinion, MPs, Lords and Members of the European Parliament, and say, "Well, actually, because of these particularly poor policies we have, forget democracy. This is what you are having." That is what upsets people about the onshore wind industry. The sooner that can change, the better.

Significant damage will be done to the local environment, and even more will be done to what my constituents might think comes with the Localism Act. If I were a Secretary of State in the Department for Energy and Climate Change and was driving down the A14, I really would put my foot down. A three-point penalty easily outweighs what I and my constituents think of him, this decision and the policy it is based on. That said, even I wish the Secretary of State and everyone else in the House a very merry Christmas.

4.24 pm

Norman Lamb (North Norfolk) (LD): I thank all hon. Members for their thoughtful and measured contributions, including that wonderful description of the Planning Inspectorate's recent decision. Many hon. Members will have some sympathy with the views expressed there.

I must confess a personal interest. I am the son of a climatologist, so I spent many of my formative years learning about the natural cycles of climate, visiting sites such as medieval vineyards around Tewkesbury and so forth as friends were heading off to Torremolinos. Today, however, our focus is on man's impact on climate and how we respond to it.

I shall deal first with the contribution from the hon. Member for Brighton, Pavilion (Caroline Lucas). The hon. Lady's case is that the 2% target—limiting the increase of global average temperatures to 2% above pre-industrial levels—is not ambitious enough and has potentially devastating consequences. I share and the Government share her absolute concern about the need to take effective and decisive action to deal with what is an enormous challenge globally, and we do not dismiss it at all.

The target of less than 2%, however, is likely to be at the very edge of what is possible in terms of the technological and economic implications. It also involves radical lifestyle changes, and dealing with that globally and in democracies is often very difficult.

Achieving the 2% target globally will itself be immensely challenging. On the current trajectory, as the hon. Lady rightly said, we are looking at a 3.5° C to 4° C rise in temperature, the consequences of which certainly would be devastating, and if anything the gap is widening.

Caroline Lucas: The figure is 2° C, not 2%, but does the hon. Gentleman agree with me on the key point that runaway climate change would also require radical changes in lifestyle?

Norman Lamb: Absolutely, I do. I accept that completely, and that is why the Government are determined to take decisive action.

The consequences, however, of a 3.5° C to 4° C rise would be devastating, including a 2 metre rise in sea levels, a massive impact on food production and so on, but to hit the 2° C target we need global emissions to peak by 2020 and, after that, to reduce by 4% annually. That target is achievable if decisive action is taken by both the developed and the developing worlds, and this Government are determined to take a lead internationally —one of the things that the hon. Lady raised specifically —in seeking to achieve it.

Developing countries on their own are likely to account for 60% of emissions by 2020 owing to rapid development, and the Government recognise that the European Union must show leadership, so we are pressing for a 30% 2020 emissions reduction target, rather than the current 20%.

To answer the hon. Lady's specific question about whether we need to review the target level, I note that the Cancun conference agreed to a review of the science to see whether to adjust the target and whether the 2° C target is adequate to prevent the disastrous consequences of climate change. I acknowledge what she said about the outcome of the recent Durban conference, but it did make progress on the design of that review and on the steps, including negotiating a new global agreement, to get the global community back on track to achieve at least the 2° C goal. I pay tribute to my right hon. Friend the Secretary of State for Energy and Climate Change for playing a key role in the Durban negotiations, which have taken things forward.

All that sets the context—the imperative of building a low-carbon economy—for dealing with the contributions from the hon. Members for Warrington South (David Mowat), for Daventry (Chris Heaton-Harris) and for Montgomeryshire (Glyn Davies). Not only do we need to reduce carbon emissions because of the imperative of tackling climate change, but we face the massive challenge of energy security.

[Norman Lamb]

I shall deal first with the hon. Member for Warrington South, who criticised the focus on renewables and sought to concentrate on the optimisation of decarbonisation, arguing for the importance of nuclear and gas in the short term. We face the immediate and remarkable challenge that nearly one third of our energy supplies will be going off-grid in the next decade. That is because of decisions already taken. Nuclear cannot deliver in that time frame. There are disadvantages in relying heavily on imported gas because it makes us more vulnerable to risks with regard to security of supply, fluctuating and volatile cost, and availability of supply. To replace the lost capacity and to hit challenging emissions targets, we need a new supply quickly, and wind and other renewables are a crucial part of that. Over the longer term, the Government have no intention of favouring one form of low-carbon energy production over another. Our intention is to secure a level playing field for low-carbon technologies competing with one another. Tidal power, which was mentioned by the hon. Member for Montgomeryshire, should be given its chance along with other technologies.

The Government have already issued a White Paper on electricity market reform. That is an important way to deliver the change that we need to secure proper competition between low-carbon technologies. It will mean that a level playing field is introduced by 2020, and it covers nuclear, carbon capture and storage, and renewables. The carbon plan published on 1 December, which sets out how we will meet the requirements of the fourth carbon budget—between 2022 and 2027—does not favour one form of production over another but offers different scenarios and different combinations within the whole mix. We are not looking to lock in any one form of production. The Government have stressed the importance of reducing energy demand and of improved energy conservation. That is why our green deal is so important, as is the radical step of introducing smart electricity and gas meters across every home. We do, however, stress the need for immediate and decisive action.

David Mowat: Will the hon. Gentleman give way?

Norman Lamb: I will not, because I am conscious of time constraints and think that I must press on.

The hon. Members for Daventry and for Montgomeryshire discussed wind energy. First, it is important to recognise that this does cause concern for many people; we are all familiar with that in our own constituencies. Those concerns cannot just be dismissed. There are inevitably tensions between the absolute imperative of reducing carbon in our economy and the concerns of local people. It is important to recognise, though, that applications are turned down on landscape grounds. The key is to find appropriate locations in terms of landscape and wind speed.

The hon. Member for Daventry raised concerns about the efficiency and effectiveness of wind energy. Wind energy is generated for between 70% and 80% of the time. It is already providing about 2.9% of total energy generation—that was the figure for the second quarter of 2011—and it represented approximately 31% of the overall renewable electricity generated in that period. It is already delivering results. The costs of onshore wind are expected to come down by about 8% to 9% between now and 2030. That will result in support for onshore wind reducing by 10% from April 2013. The hon. Gentleman also raised concerns about the proximity of wind turbines to where people live and the importance of local decision making. The Government, through the Localism Act 2011, want to give people in their communities a greater say in the decisions that are taken.

The hon. Member for Montgomeryshire raised particular concerns about what is happening in his own community. I pay tribute to the passion and commitment that he has demonstrated on this issue over a long period. He will be aware that the location of wind farms in mid-Wales is down to TAN 8—technical advice note 8—which is the responsibility of the Welsh Assembly Government. Any changes or variations to TAN 8 are their responsibility rather than that of the UK Government. Six applications for developments of over 50 MW are currently in train in mid-Wales, and we are waiting on the response of the local authority, Powys county council, which is due by the end of March next year. The Minister of State, Department of Energy and Climate Change, the hon. Member for Wealden (Charles Hendry) has written to the authority recently—last week, I think—to extend the deadline to the end of September so that it can conduct its assessment properly and respond fully to the proposals. That extension is subject to approval by the applicants.

I should also mention the Localism Act 2011, which has removed decision making powers from the Infrastructure Planning Commission. That body has dealt with applications for developments of more than 50 MW since April 2010. It was introduced by the previous Government and it was an appointed, unaccountable quango. This Government have returned responsibility to Ministers, thereby reinstating clear accountability.

I want to reiterate the value and importance of wind in meeting climate change targets, for the reasons that I have already expressed. It has to be part of the mix. I stress its economic benefits in Wales and elsewhere. Wind energy contributes £158 million directly to the Welsh economy every year in turnover, employment and expenditure. It is responsible for more than 800 full-time jobs in Wales, and that is expected to rise to 1,000 next year. That must be considered.

Finally, I will deal with the contribution of the hon. Member for South West Bedfordshire (Andrew Selous). I am grateful to him for raising the concerns brought to his attention by Mrs Lorraine Bond. The amount that she and others have to pay over the winter just to heat their homes should concern us all. He is right that the recent Office of Fair Trading report highlighted that cylinder liquefied petroleum gas—

Madam Deputy Speaker (Dawn Primarolo): Order. Minister, you have now been speaking for 12 minutes, which is more than "up to 10 minutes". I would therefore be grateful if you brought your remarks to a conclusion as quickly as possible, and if you could remember to address the Chamber, not the people sitting behind you.

Norman Lamb: I am grateful, Madam Deputy Speaker. I will bring my remarks to a close quickly.

The concern is that the consumers we are talking about are mostly on very low incomes, are often elderly and struggle with their heating costs. I will talk about the steps that the Government are taking. The Minister of State, Department of Energy and Climate Change, the hon. Member for Wealden wrote to the OFT recently, asking it to consider how to make markets work more effectively for vulnerable consumers.

Park homes will shortly be able to receive help under the Government's main home energy efficiency scheme—the carbon emissions reduction target. CERT requires all domestic energy suppliers with more than 50,000 consumers to reduce householders' carbon dioxide emissions by promoting low-carbon energy solutions. Under CERT, suppliers are free to decide what measures to promote. I recognise that suppliers have chosen not to install measures in significant quantities to date, but there have been successful trials this year of park home insulation solutions that significantly reduce energy use. Those trials have shown what can be achieved. Solid wall insulation for park homes will get a formal carbon score under CERT, which will incentivise energy suppliers to promote these measures to park home residents during the final year of the CERT scheme.

Finally, I have taken on board the concerns raised by the hon. Member for South West Bedfordshire about the renewable heat incentive. It is clearly important to ensure that that matter is considered fully. The concerns that he has raised will be taken on board by the Department. Every effort will be made to ensure that these vulnerable consumers are protected as well as possible.

I thank hon. Members for their contributions and wish everybody a very happy Christmas.

HEALTH

Madam Deputy Speaker (Dawn Primarolo): Five Members are listed to take part in this debate. There is a time limit on Back-Bench speeches of six minutes. I remind Ministers that this is a Back-Bench debate and that the Backbench Business Committee has recommended that the time available for Ministers should be up to 10 minutes. Each time they go over that, they take time away from Back Benchers.

4.39 pm

Tracey Crouch (Chatham and Aylesford) (Con): It is a pleasure to open the health section of the Christmas Adjournment debate.

Albert Einstein famously said:

"It is strange to be known so universally and yet to be so lonely."

At a time of extreme population growth, greater connectivity created by technological advances and the ability to sustain friendships around the globe, it is perhaps bizarre to think about the worrying consequences of social isolation, yet it is incumbent on us to do so because increasing levels of loneliness are making elderly people in particular incredibly vulnerable.

More than 1 million people aged over 65 say that they feel socially or emotionally lonely all or most of the time. It is heartbreaking that while many of us will be spending the festive season with our family and friends, 500,000 older people will spend this Christmas day alone. Sadly, that seclusion is not confined to the Christmas season. Chillingly, it is part of the day-to-day life of many older people.

If people more cynical than your good self, Madam Deputy Speaker, are wondering why I am spending valuable parliamentary time talking about a natural human emotion, they do not understand the severe social, health and financial consequences of loneliness. Researchers rate it as a higher health risk than lifelong smoking or obesity. Associated physical and mental health conditions include sleep deprivation, a weakened immune system, higher blood pressure, an increased risk of dementia and intense levels of depression.

By raising the profile of the Campaign to End Loneliness today in this short debate, I hope to increase awareness of the scandalous isolation of older people. That is not just a sad indication of community breakdown but, to be brutally frank, has a long-term cost for our social service and health budgets. It can be halted through better state and voluntary intervention.

No one body can solve the problem. In fact, it is one for everyone in society to tackle, from local and central Government to the voluntary sector, and of course not forgetting us as individuals. However, the state has a significant role to play and is often best placed to act as the main co-ordinator.

At local level, the police, fire services and GPs are considered the most trusted bodies by older people, and therefore they can identify those most in need through their everyday activities. There is a fantastic example of that in Manchester, with police community support officers knocking on the doors of older people with a specific remit of reaching out to those who would otherwise slip under the radar. Likewise, Merseyside fire and rescue service, which comes into contact with

[Tracey Crouch]

people when it fits fire alarms or attends emergencies, has been using those occasions to identify those whom they feel are isolated and to flag them up to the appropriate body.

In my own constituency, Tonbridge and Malling council often finds that housing register applicants state that they want to move because they are lonely and feel isolated. That admission helps to identify those in need, and then the support and befriending services of local voluntary organisations are deployed. One such service is the Beat Project, which is funded by the Snodland Partnership and organises an informal coffee and chat group every week. It specifically seeks to engage people who would not normally join organised groups in the town. Many older people now attend, including a group from a local dementia nursing home. Many report that the event is often their only social contact with the outside world.

Medway council runs similar events through its older people's partnership and its work with the WRVS. Through statutory, voluntary and community sector partners, it has sought to engage with older people across the local authority area to improve mental and physical well-being, create opportunities for intergenerational involvement and develop social networks to enable older people to lead full and active lives.

The last Government declared in the 2007 concordat for social care, "Putting People First", that the alleviation of loneliness and isolation should be a major priority. I completely agree with that intention. Encouragingly, the current Government have put a welcome emphasis on improving community connections and well-being, which will help to meet that priority. However, any Government who are serious about enabling well-being must acknowledge the problem of loneliness as one of the targets of their activities. I hope the Minister will indicate today how far the Government intend to go in measuring loneliness as part of the well-being index.

There are many good schemes out there that can combat isolation—too many for me to mention in my remaining time. They all require one more thing, which is the ability to reach to those who remain in isolation. That is where the statutory services should help. Better co-ordination cannot be underestimated as the means of solving the wider problem of loneliness.

In the past I have planned to spend Christmas alone, but acquaintances from a local bar took in this particular waif and stray and have remained friends since. This year, Abbeyfield Kent and Age Concern Kent are opening up their doors and offering Christmas dinner to pensioners who would otherwise spend Christmas alone. I hope that that will create future social networks for those attending.

Loneliness is not just for Christmas, but this seems to me a perfectly good time to highlight in the House and beyond the worthwhile campaign to end loneliness among older people. As Mother Theresa said:

"Loneliness and the feeling of being unwanted is the most terrible poverty."

4.45 pm

Alison Seabeck (Plymouth, Moor View) (Lab): I am grateful for the opportunity to speak about the accessibility of services and entertainment for people who are deaf or hard of hearing. Several of the issues cut across other Departments, and I hope that the Minister will be tolerant, but I also hope that she will pass on my remarks to the relevant Departments.

Some 10 million people in the UK have some form of hearing loss, which is around 11,500 in every constituency. The hon. Member for Chatham and Aylesford (Tracey Crouch) spoke about loneliness, and those who are deaf or hard of hearing can feel particularly isolated. It is sad that even in 2011 people with hearing loss still face unnecessary barriers to everyday activities, such as banking, shopping and watching television. I wish to highlight some of the positive steps that can be taken by businesses and Government to improve accessibility, and the forward-looking solutions that would guarantee accessible television entertainment for people who are deaf or hard of hearing.

Hearing loss is often referred to as an invisible impairment, and it can present a significant challenge if colleagues or service providers do not know that someone is struggling to hear. I declare an interest as I lost all hearing in one ear at the age of 16 after contracting mumps. My recent change in workplace seating arrangements has caused enormous problems, because the Speaker's Chair is now on my deaf side, and I run the real risk of not hearing the Speaker's instructions. Difficulty hearing in a debating chamber is an unusual problem, so I will consider some more common activities.

Imagine someone with hearing loss who begins their day by telephoning their bank. They will be met with a series of pre-recorded voice messages, which are now a familiar feature of all helplines, but present huge problems for people who cannot hear clearly. All the numbers whizz by and people miss hearing what they all mean. People with hearing loss would benefit from a clear, early option to be put through to an operator who has received deaf awareness training, and I urge companies to consider implementing this routinely.

Someone who has been unable to get through to their bank by phone might try to go and speak to them in person. Unfortunately for people with hearing loss, this still does not guarantee that they will be able to communicate successfully. There are 2 million hearing aid users in the UK, and a fully functioning induction loop is often the only way to guarantee somebody effective communication. However, in a recent survey by the excellent organisation Action on Hearing Loss, 86% of services were found to be inaccessible for hearing aid users. Where organisations had a loop system, it was often not working, it was not turned on, or staff were not trained in its use. Worryingly, more than 60% of the 1,500 premises visited did not have a loop system fitted at all.

There are any number of day-to-day examples I could give, but time does not allow, so I will turn to the end of a typical day, when someone might look forward to catching up with their favourite television programme. Surely, in the comfort of their own home, they will not be limited by their hearing loss. Sadly, even in the 21st century, against a backdrop of vast technological developments, it is still very likely that the chosen television programme will not be accompanied by subtitles. This is particularly true of programmes delivered on catch-up services over the internet, where there are currently no quotas for access services. This is despite the fact that in a recent survey three quarters of Action on Hearing Loss members said they used subtitles, with 43% using them all the time.

It would be an effective forward-looking solution if people with sensory loss could benefit from the inclusion of quotas for access services on all television programmes, regardless of the platform through which they are delivered. That would be in line with existing quotas for terrestrial television. New legislation, which I think the Government plan to introduce, should also ensure that technology is future-proofed. Believe it or not, subtitles were not initially available on high-definition TV, for example. That is quite astonishing—and they were only recently introduced on the public broadcasting HD channels. I urge Ministers not to pass up any opportunity to improve the situation through legislation.

I hope that this afternoon's debate has demonstrated how important accessibility to services and entertainment is for people who are deaf or hard of hearing. As the population ages, the number of people with hearing loss in the UK will continue to rise. I therefore urge Ministers to cut across Departments to ensure that easy access to services and entertainment for people with hearing loss becomes the norm, not the exception.

In the last few seconds, I want to get an unrelated point on the record. I would really like the Government to look at how the administration process works, following the experience of Plymouth Argyle. There are genuine issues that need to be addressed, either by Ministers or by a Select Committee of this House, such as whether the creditors get the best value and whether the staff involved at the time are also protected.

Finally, Madam Deputy Speaker, I wish you, all Members of this House and all the staff, who support us so fantastically throughout the year, a very happy Christmas.

4.50 pm

Pauline Latham (Mid Derbyshire) (Con): I rise today to talk about the east midlands cancer drugs fund, because I have had many dealings with this organisation, none of them very satisfactory. The last such dealing was today, although I would like to start my story, as it were, with my attempts over some months to get Avastin for a constituent of mine. She has already funded more than £60,000-worth of the drug herself. She has sold her car, used her retirement money and sold her heirlooms, and she now has no money left, yet still the east midlands cancer drugs fund will not give her Avastin, because—it says—there is no proof that it works. However, she is living proof that it works, because she has been taking it for two years. It costs her £1,600 every three weeks, and nobody can afford that sort of money. I also have another affected constituent, whom I saw on Friday, but because she is smaller than the other lady it costs her only £1,300—a real snip.

I am appalled at the way those patients are being treated. The reason why we are talking about a second-line treatment is that the first line failed. However, those patients do not choose the first line, because they rely on the consultants to give them the right drug in the first place. When that drug fails, the consultant puts the patient on a drug that works, but in this case, those in the east midlands are not allowed to have that drug funded by the NHS. However, patients can have it funded in the west midlands, the north-east and East Anglia, along with four other trusts.

I first wrote to the east midlands cancer drugs fund about this case on 28 September. Hon. Members should remember that it is supposed to reply within 10 working days, but in this case it did not. As Avastin is not a priority drug, and as my constituent is not a priority person, the fund will reply at its leisure. I wrote on 28 September, but the first I heard from the fund was on 4 November, when, after pushing the organisation, I received a letter from the medical director of NHS Midlands and East, which said that that body would have the ultimate view on whether the drug could be prescribed. The letter also said:

"I can, however, ask the Clinical Panel to review"

my constituent's

"case and have asked the Clinical Lead to convene an urgent meeting. This meeting will consider clinical effectiveness evidence in accordance with the principles underpinning the East Midlands Cancer Drugs Fund. I will also ask the Panel to reconsider the evidence in the context that other parts of the country have reached a different conclusion regarding the efficacy of avastin as a second line treatment. The Chair of the Clinical Panel will inform me of the outcome of its deliberations".

That was on 4 November, after I had written on 28 September. That panel has not met. Why not? Because those responsible cannot get the right people together. They convened a meeting, but they asked the wrong people to come to it, so they decided to abandon that. Eventually, after several e-mails, on 10 and 14 November, they let me know that they were urgently considering a meeting, but had not had one yet, and they still have not. Apparently, the people who make the decisions are informing them by e-mail what they think of this case—everything is being reviewed by e-mail.

It is getting close to Christmas, as we are all aware. On 30 November I was told that I would hear by the end of that week. I have not heard anything. Now I am told that I will hear by the end of this week. This is completely and utterly unacceptable for my two constituents, who could die because of the irresponsible and inefficient way in which the organisation works. Fortunately, they are not doing so; they are getting good treatment, and both of their tumour levels have decreased from 40 to 5 while using that drug. That shows that it works, and I do not understand the reluctance of the east midlands cancer drugs fund to prescribe it.

Jo Swinson (East Dunbartonshire) (LD): I thank the hon. Lady for giving way, and I apologise for not being here for the beginning of her speech. I was on the telephone to the consultant of one of my constituents who is terminally ill and who would love to get ipilimumab prescribed. Unfortunately, that is not possible. Sadly for constituents in Scotland, there is no cancer drugs fund there because the Scottish Government have different priorities from those of the coalition Government here. I understand the hon. Lady's frustration with the way in which the fund is being administered in her area, but would she at least agree that the existence of such a fund is a real benefit to people in England? I wish that that could be the case in Scotland.

Pauline Latham: Yes, everyone should have a cancer drugs fund, but those funds should be reactive to what works for people. If I have time, I want to talk about ipilimumab too. It is a difficult name to say, but it is also known as Yervoy. The hon. Lady should talk to the Government in Scotland and ask them to do what we are doing here in this country. They have devolved

[Pauline Latham]

powers that were voted for by this House—and which I do not agree with—but they have them, and they must make their own decisions.

The cancer drugs fund in the east midlands is not fit for purpose. It is not working for the benefit of patients. The people involved say that they need the necessary clinical knowledge of these cases, but they already have it. The consultant has written to them, as have I, and they can see that those patients are still alive. They are still failing miserably, however, to help my two constituents, who will die if they do not get the drug. I hope that the Minister will contact those people and ask them to work more efficiently and effectively to help those patients who rely desperately on them to provide the necessary drugs.

I want briefly to talk about Yervoy, which is also known by that other name that I cannot pronounce. It is used to treat malignant melanoma. I have to declare an interest, in that my brother died of malignant melanoma 11 years ago next month, before this drug was discovered. It is the first new treatment for malignant melanoma for 30 years. More people are dying of malignant melanoma than ever before, and it is on the increase. I believe that the National Institute for Health and Clinical Excellence should recommend that people should have that drug. I have heard stories of people in their 30s with young children getting the condition, and there is no hope for their future. As a responsive listening Government, we should be ensuring that those people get the drugs that they require.

4.57 pm

Keith Vaz (Leicester East) (Lab): It is a pleasure to follow the hon. Member for Mid Derbyshire (Pauline Latham). I am sure that the whole House will wish her well in her pursuit of those cases on behalf of her constituents.

I want to talk about diabetes. I discovered that I had type 2 diabetes only a few years ago, when I went to visit my local GP. He had asked me to open a diabetes awareness day. I turned up, and blood was taken from my finger. People like taking blood from politicians. I was told that someone would ring me the next day to tell me whether I had managed to get into the local newspaper. Dr Farooqi rang me. He said that the good news was that I was on the front page of the *Leicester Mercury*, and that the bad news was that I had type 2 diabetes.

With diabetes, we are facing a health tsunami. There are now 2.8 million people in the UK suffering from the condition. Worldwide, the figure is a staggering 346 million. It is the fifth most common cause of death in the world, and it is undoubtedly a health concern of epidemic proportions. The International Diabetes Federation predicts that if the situation is allowed to continue on its current path, 522 million people worldwide—one in every 10—will have diabetes by 2030.

In recent months the work of diabetes charities has gained a significant momentum. I would like to congratulate the International Diabetes Federation, led by its president Jean-Claude Mbaya, on hosting the World Diabetes Congress in Dubai, which I attended and at which I spoke briefly. We are going to have a British president of the federation in two years' time—Sir Michael Hirst. I wish him well. I also commend the work of Diabetes UK and its chief executive, Baroness Young, as well as that of a charity in my constituency that I had the honour to help establish, Silver Star. It came here to test MPs for diabetes. It has worked in partnership with organisations, including the *Leicester Mercury*, and helped to light up its iconic headquarters in blue on world diabetes day, 14 November.

For the purposes of this debate I shall refer to type 2 diabetes, which is the type that 90% of people with diabetes around the world have. Diabetes is currently the leading cause of blindness, amputation, renal disease and cardiovascular disease. On average it reduces life expectancy by 10 years. Each week 100 people with diabetes lose a toe, foot or lower limb due to the condition. In 2010 an estimated 4,200 people lost their sight due to diabetic retinopathy. This figure increases by 1,280 a year. Only last week we were told in a Government-commissioned report that 24,000 people with diabetes are dying avoidably each year because they do not receive the right health care or do not manage their condition properly.

It is estimated that diabetes care accounts for 10% of the NHS annual budget—£9 billion a year, or £1 million an hour. Diabetes prescriptions account for 7% of NHS costs. These staggering costs will only increase unless this illness is prevented and contained.

We are now 12 days from new year's eve—a time to make new resolutions. I urge the Minister—the hon. Member for Hornchurch and Upminster (Angela Watkinson)—to adopt my five resolutions. The first is to increase the level of education and awareness—including among ourselves: 10% of those sitting in the Chamber today will have diabetes without knowing it. And anyone walking into the Tea Room, as I have just done, will be offered every sweet and chocolate they could possibly want, and drinks loaded with sugar.

We need to make sure that, particularly in Olympics year, we get people to engage in physical activity. We also need to adopt the "fat tax" adopted in Denmark to try to make manufacturers responsible for what they sell. We must ensure that there is universal screening. Although the Government are currently committed to screening, it is not as widespread as we would like. Between April and June this year only 2.7% of eligible patients received a health check.

I want to ensure that we look carefully for ways to prevent the south Asian community in particular from getting diabetes. They suffer more from contracting it, as they are particularly susceptible to it as a group.

Finally, speaking as someone who has to get a prescription from my GP every month, I believe it absurd that there are 15 separate companies all producing different blood glucose testing strips. I often go to the pharmacy to get my prescription, but they give me the wrong strip for the wrong machine. It is vital that we ensure that there is one common strip.

Diabetes is a worldwide problem. My message is simple: no more declarations, no more fine words, no more summits: if we are to try to save lives, we need action now.

5.3 pm

Dr Sarah Wollaston (Totnes) (Con): It is a pleasure to follow the right hon. Member for Leicester East (Keith Vaz).

I want to speak on behalf of community hospitals, both locally in my own constituency and nationally on behalf of CHANT—Community Hospitals Acting Nationally Together. Before coming to the House, I worked as a GP in rural Dartmoor, covering the smallest hospital in England at Moretonhampstead. I was privileged to see first hand how a personal and compassionate service transformed the care and saved the lives of so many of my former patients.

We know that we need to change the way that health care is delivered. As we all live longer and with multiple complex medical problems, we need to focus on preventing admissions to acute hospitals in the first place. Community hospitals are ideally placed to deliver that care. There are four in my constituency: Totnes, Brixham, South Hams in Kingsbridge, and Dartmouth. I pay tribute to all their staff, and to the volunteers in the leagues of friends.

The leagues of friends are a vital resource in all our constituencies. They raise an incredible amount of money—between £7 million and £8 million has been raised in south Devon alone over the last decade—and are made up entirely of volunteers who co-ordinate fundraising events as well as managing donations and legacies, and then plan how those projects should be managed in the future.

As a direct result of voluntary contributions, patients in South Hams hospital are able to have their chemotherapy locally rather than making the long, arduous journey to Plymouth, and in Brixham, the league of friends has donated £200,000 towards the new hospital ward. There have been numerous projects in Dartmouth and Totnes, all improving dignity, privacy and comfort and raising money for equipment. However, the contributions go way beyond funding. Local residents volunteer their services on the wards for both patients and visitors, and directly improve the quality of care.

I am delighted that the coalition has repeatedly expressed its commitment to community hospitals, and has recognised the vital role that they play in rural areas in particular. However, I should like the Department of Health to respond to a number of concerns and uncertainties so that these much-loved community resources can be put on an even stronger footing. The issues that I wish to raise are the ownership of the community hospital estate and the operation of the current tariff system.

I have heard from some leagues of friends that they are holding back funding of projects as a result of concerns expressed by some of their members about the future ownership of community hospitals. They are afraid that money raised by local communities and invested in local services could end up being lost to those communities should the ownership of the estates pass elsewhere. I know that the ownership of the premises in south Devon will pass to Torbay care trust, but concern is still being expressed at a high level in my local NHS about the possibility that the future ownership arrangements will inadvertently decouple community infrastructures from the communities that they serve. Those communities seek reassurance that if for any reason the provider trust that owns a community hospital relinquishes ownership of a building, selling it without reinvesting in an improved and equally local facility, the funds raised by local communities will be returned to them in full.

Harriett Baldwin (West Worcestershire) (Con): There are three fine community hospitals in my constituency: Pershore, Tenbury and Malvern. My hon. Friend may wish to invite her constituents to visit the Pershore hospital, which is owned by the district council and operated by the NHS care trust. It is an interesting model.

Dr Wollaston: I thank my hon. Friend for that intervention. There is an understandable fear that many premises in the most stunning locations, which have been bequeathed to their communities by local benefactors, could end up being sold off with communities powerless to intervene. I want to touch on some of the alternative models. Communities are reassured that for the time being there is a clear directive providing that in future only NHS organisations may own the estate, but I agree with my hon. Friend that local models can provide alternatives. NHS ownership may, in some circumstances, create difficulties, and inhibit the development of hospitals' full potential. For example, the Community Hospitals Association is concerned that in some areas management may pass to mental health organisations with little experience of managing community hospitals. There is also a concern that passing management to predominantly secondary-care-focused trusts could cause the hospitals' interests to be sidelined.

In many parts of the country, social enterprises have been formed to provide community services, but currently they cannot own and invest in premises, and nor can GPs acting as commissioners. May I ask the Minister to look into how ownership arrangements could be made more flexible in order to provide local solutions, while at the same time guaranteeing to local people that the value of their assets will be safeguarded for their communities? I hope that all our leagues of friends will then feel confident enough to continue to invest for the future.

Let me briefly raise the issue of the system of tariff payments. As the Minister will know, currently the tariff is not fairly distributed, which means that community hospitals are often not funded for the provision of step-down care. The acute hospital receives all the funding irrespective of how long the patient remains in its care, although community hospitals are ideally placed to provide safe step-down services. I therefore hope that the Minister will give an update on how and when the tariff will be reformed to assist community hospitals to offer the full range of services they wish to provide.

The main focus should be on avoiding the need for acute hospital admissions in the first place. Community hospitals have a key role to play in providing many services, not just in-patient and palliative care. I join the Community Hospitals Association in calling for more investment in research and evaluation of their role and contribution to high-quality care and the wider social care economy.

Finally, I wish all Members and staff of the House a very happy Christmas.

5.10 pm

The Lord Commissioner of Her Majesty's Treasury (Angela Watkinson): May I start by saying that I appreciate the waiving of my customary Whiply silence, albeit temporarily, to enable me to participate in this debate?

[Angela Watkinson]

I thank my hon. Friend the Member for Chatham and Aylesford (Tracey Crouch) for raising the important issue of the loneliness and isolation that can affect older people. I welcome the good work done by Independent Age, Age UK Oxfordshire, Counsel and Care, and the WRVS on the campaign to end loneliness. We are living longer, healthier lives. We should celebrate that, and seek to unlock the rich potential of our older population, as well as promoting their well-being.

We recognise the terrible impact that isolation and loneliness can have on people's health and well-being. We know that multi-professional collaboration from a health and social care perspective on the needs of older people—including recognising isolation and those at risk from it—will make a huge contribution to keeping older people well and independent in their own homes, and to helping to maintain a decent quality of life for them. Of course, combating loneliness and isolation cannot be the job of health and care services alone. A range of services must be involved, including transport, housing and leisure.

We recently concluded the caring for our future engagement exercise, and we will produce a White Paper and a progress report on funding. That is planned for spring 2012. The engagement exercise considered six areas: quality and work force; personalisation and choice; shaping local care services; prevention and early intervention; integration; and the role of financial services. Throughout this engagement exercise we heard from a wide range of organisations, carers and people who use services, and the issue of loneliness and isolation among older people was raised.

Under the provisions of the Health and Social Care Bill currently before Parliament, local health and wellbeing boards will take responsibility for producing the joint strategic needs assessment and a local health and well-being strategy. I pay tribute to the London borough of Havering; it has shown great commitment in setting up its health and wellbeing board and it has already made significant arrangements for taking on this important new role. I also applaud the good work done by Age Action Alliance, an independent alliance of organisations working together to improve the lives of older people. It is aiming to prevent deprivation in later life, as well as challenging age discrimination and seeking to make older people feel valued and able to contribute to their local communities and the wider society. We look forward to the ideas that will emerge from that alliance.

We are doing everything we can, and we also support the efforts of others, to ensure that older people have access to all the help they need to reduce social isolation. I hope that that reassures my hon. Friend.

The hon. Member for Plymouth, Moor View (Alison Seabeck) made a thoughtful contribution about the understanding, patience and sympathy people with hearing loss need but do not always receive. She described the limitations on everyday activities such as using the telephone, and the absence of subtitles on television, which greatly disadvantage those with hearing loss. I shall refer those matters to the relevant Minister. We hope to improve the quality of life of people with hearing loss.

My hon. Friend the Member for Mid Derbyshire (Pauline Latham) raised concerns about two constituents who were unable to receive specific cancer drugs under their NHS treatment from the East Midlands strategic health authority. She has made her feelings very clear. The health authority will have heard her and will wish to respond with some urgency; and the Secretary of State will, I am sure, expect that to happen.

I thank the right hon. Member for Leicester East (Keith Vaz) for his question and his continued support for diabetes prevention and improving outcomes for people with diabetes. We pay particular tribute to his work through Silver Star, a charity he founded in Leicestershire that is invaluable in tackling diabetes within south Asian communities. As president of the Havering branch of Diabetes UK, I should like to take this opportunity to pay tribute to the late Sue Braeger, who sadly died recently. As chairman of the Havering branch, Sue was a formidable campaigner on diabetes issues, especially the management of diabetes medication for pupils in schools. She will be a hard act to follow.

We have learned this year—in the last few months, in fact—that nearly 3 million people in the United Kingdom have diabetes, a number that grows year on year. Worse, 24,000 people each year die unnecessarily from the disease—deaths that could have been prevented with better management and care. Much progress has been made in diabetes care since the publication of the national service framework in 2001, but prevention and early diagnosis remain a Government priority.

Next year, the National Audit Office and the NHS leadership team will be reviewing progress and considering whether there is need for further work, co-ordinated at a national level. Any such work would of course seek to reinforce and support activity led by clinicians at local level to improve outcomes for people living with diabetes.

We will also depend on the NHS health check programme, which has the potential to prevent many cases of type 2 diabetes and identify thousands more cases earlier. We will be continuing the change for life campaign, which raises awareness of the importance of maintaining a healthy weight and being physically active. As type 2 diabetes is linked to both obesity and inactivity, these public health initiatives are crucial.

For people diagnosed with diabetes, our priorities for treatment and care are to improve quality of life and reduce complications, and as a result to reduce cost. People with diabetes account for 15% of in-patient hospital beds in England. Their hospital treatment costs £600 million a year more than that for patients admitted without diabetes. Poor management of diabetes and insulin leads to emergency admissions and readmissions, and increased lengths of hospital stay. Poor care can also lead to deaths and permanent disability, with an estimated 80% of the 73 lower-limb amputations suffered each week by people with diabetes considered preventable.

The NAO will be reporting next summer on its study of the management of diabetes services. We expect it to provide robust recommendations on improving services and outcomes for patients and the public, and we look forward to seeing the results.

My hon. Friend the Member for Totnes (Dr Wollaston) raised the important issue of the role of community hospitals and leagues of friends. I should like to assure her that the Government are committed to helping the NHS work better by extending best practice on improving discharge from acute hospitals, and increasing access to care and treatment in the community. Community hospitals

can be an important part of delivering this, especially in rural areas, providing both planned and unplanned acute care and diagnostic services closer to home. Community hospitals support best practice in admission avoidance and provide a range of services, from treating minor injuries to intensive rehabilitation. Subject to the passage of the Health and Social Care Bill through Parliament, clinical commissioning groups will be responsible for securing the best health care and health outcomes for their patients and locality.

The Department announced on 4 August that NHS trusts and NHS foundation trusts will also be given the chance to acquire estate from primary care trusts, including the community hospital estate. PCTs have reviewed and provisionally agreed lists of property for transfer to NHS bodies, and those will shortly be approved by the Department of Health. It is expected that the actual transfers of estate will commence in 2012. I know that this is a concern of my hon. Friend, but it is not expected that these changes will affect the role or function of local league of friends' volunteers, who provide such valuable and important services in community hospitals around the country

The Government are also committed to increasing the scope of a more transparent rules-based funding system, where money follows the patient. Since its introduction, the payment by results national tariff has been mainly restricted to treatments provided in acute hospitals. We want to change that, but in a way that supports the delivery of high-quality services. That will not be easy, as there are significant challenges for us to overcome, such as making sure that activity that takes place in community settings is recorded and reported, as this is essential to plan services and drive payments, but we are making good progress. From April 2012, we will introduce the first ever tariffs for post-discharge care, with transparent prices to give more certainty about funding. I hope that that sets my hon. Friend's mind at rest.

Finally, may I take this opportunity, Mr Deputy Speaker, to wish everybody the season's greetings?

Mr Deputy Speaker (Mr Lindsay Hoyle): Absolutely, and I am sure that it is warmly welcomed with Christmas and the new year upon us.

May I say that we have reduced the time limit to five minutes as we come to the general debate?

GENERAL MATTERS

5.21 pm

Chris Skidmore (Kingswood) (Con): I wish to discuss history teaching in schools, because the study of history in schools has reached an all-time low. Last year, for the first time, the proportion of pupils being entered for history GCSE dropped beneath 30%, but the situation is actually far worse than that. Yesterday, I released a report, "History in Schools: A School Report", which reveals that in vast areas of the country—often in the most deprived areas of our nation—history is being forgotten entirely. In 77 local authorities fewer than one in five pupils is passing history GCSE, but we need to break the figures down and examine individual local authorities, because in places such as Knowsley under 8% of pupils are passing history GCSE. Only four pupils in the whole of that local authority area passed A-level history. In 2010, 159 schools in this country did not enter a single pupil for history GCSE. We must address the situation urgently.

Often it is the *Daily Mail* or academics who discuss what type of history should be studied in schools, whose history should be studied, how history should be studied in the curriculum, whether we should have a narrative form of history or a more interpretive form of history that looks at sources, and whether history should be seen as a framework of facts. The Government are instituting a curriculum review, and we welcome that. I hope that it will examine the process whereby history is studied in bite-sized chunks and pupils do not get a sense of a narrative framework of history—they dot around from ancient Egypt to the Victorians, then on to the Tudors and off to 20th century history. Although we can debate whose history and what type of history should be studied, we should not deny that history is a crucial subject that binds us as one nation. However, it is becoming a subject of two nations, and that is the issue that I wish to raise with the House.

Britain is dangerously isolated in Europe—and not for a good reason— because we are the only nation apart from Albania that does not make the study of history compulsory beyond 14. I do not believe that we should be in that club, so I put my case to the Government that although the curriculum review is ongoing and will carry on until 2014, there has never been a more compelling time to make history a compulsory subject to study to 16. If I was to tell the Minister what my ideal Christmas present would be, as the vice-chair of the all-party group on archives and history, I would say that it would be to make the study of history compulsory to 16 for all pupils. I wish everyone a happy Christmas.

5.24 pm

Mr Denis MacShane (Rotherham) (Lab): What a pleasure it is to follow a speech from a Member on the Government Benches that I would have been honoured and delighted to have made myself.

I want to talk a little about the history of the Arab countries, because exactly one year ago a humble vegetable seller, Mohammed Bouazizi, set himself on fire in the small town of Sidi Bouzid in Tunisia, protesting at his humiliation by the state. That act set off what we now call the Arab spring, a process of revolutionary change that today remains as unclear as the revolutions of 1789 or 1917 remained unclear 12 months after the storming of the Bastille or the Winter palace.

[Mr Denis MacShane]

Sadly, we are seeing how history repeats itself, not, as Marx wrote, first as tragedy and then as farce, but as tragedy followed by tragedy. Revolutions devour their children and nowhere is that more true than in the Arab and Maghreb world. Gaddafi is gone but Libya is full of violence. The Syrian people get warm words from the west but nothing more as they are killed daily. The King of Bahrain came for tea at Downing street and the next thing we saw was a helpless woman being dragged away in front of cameras back in Bahrain as if the ruling elites there were sending a message to our Prime Minister that they did not care a fig about human rights.

In Tunis today, the Manouba university's faculty of letters, with 8,000 students, is occupied by Islamist ideologues insisting that girls wear the niqab and veil their faces if they want to be students. We are learning, perhaps too late, that Islamism is not a friendly ideology but remains a political construct aimed at destroying human freedoms.

We have had to watch Egyptian soldiers faced with a peaceful protest pull a woman from the crowd and drag her painfully along the ground, exposing her breasts, before a brutal soldier stamps his booted foot on her chest. What is our Government's response? Yesterday, the Foreign Secretary issued the blandest of bland statements:

> "The unrest of recent days shows the scale of the challenges which Egypt's political system must address including the need to build full respect for human rights."

That was all the Foreign Secretary could say. "Unrest" is putting it uber-mildly, as 13 people have been shot dead by the Egyptian army, acting on orders, and hundreds have been wounded since Friday prayers last week. A military dictatorship is revealing itself in Egypt, aided by Islamists with that ideology's extremely limited concept of freedom and democracy.

We do not know the name of the young woman who has been in many newspapers, but we do know the name of the 26-year-old Egyptian blogger Maikel Nabil. He is now on the 118th day of a hunger strike that might well claim his life as he is taking only water at the moment. Nabil began earlier this year by blogging that

> "the Egyptian army and the people are of one hand",

meaning that the two were working together for democracy. He changed his mind and later wrote that the army and the people were

> "no longer of one hand"

when he saw the army repressing protesters. For publishing that incontrovertible journalistic truth, he was charged with "insulting the Egyptian military" and a military tribunal convicted him last April in a fake legal process. Last week in a retrial, amid the renewed brutality in Tahrir square, his conviction was upheld.

The tribunal's decision has been condemned by Reporters Without Borders and by the US State Department. I want to take advantage of this pre-Christmas debate to ask for our Foreign Secretary to add his own—and, I believe, Parliament's—voice in calling for the immediate release of Maikel Nabil, who might well die soon, just as Mohammed Bouazizi died on 4 January this year when he sacrificed his life to call attention to the lack of freedom in Tunisia. Mr Nabil is taking only water now. His sacrifice is also in protest at the fact that Egypt's ruling military council has put on trial 12,000 people in the post-Mubarak era, more civilians than were tried during all of Mubarak's rule.

Throughout history military tribunals dealing with civilians who irritate the generals work on the basis of presumption not of innocence but of guilt. There is no right to cross-examine witnesses or evidence, and no consideration of the evidence is permitted. There is no right of appeal. Nabil and the 12,000 Egyptians now in prison had no right to their own lawyer. This is Soviet-style justice, or perhaps could seem even worse if one considers justice in the Nazi era.

I hope British lawyers will be able to go to Cairo to help Mr Nabil and other prisoners of conscience. I ask our Foreign Secretary to call in the Egyptian ambassador and demand Nabil's immediate release and British generals who have hosted their Egyptian fellow army officers should place some calls to Cairo and say that the Egyptian military will be covered in shame if Maikel Nabil dies at their hands.

The Arab spring is at a crossroads. Britain should speak loud and clear for justice and democracy.

5.29 pm

Mr David Amess (Southend West) (Con): Before the House adjourns for the Christmas recess, there are a number of points that I wish to raise. I congratulate the Prime Minister on not signing the latest European treaty. Future generations will have every cause to thank him, and some of the French politicians behaved with less than great dignity.

Of course, next year we will host the Olympic games. I am delighted that 95% of the population will be within travelling distance of the Olympic torch route. I am delighted to say that the torch will visit Southend on 6 July. We are also fortunate to have the mountain bike event at Hadleigh.

Southend has not been so lucky when it comes to the national census. In 2001, 20,000 people were left off the census, and exactly the same seems to be happening this time. It is simply not good enough.

I am delighted that Visteon pensioners are receiving support. I understand that legal proceedings are drawing to a conclusion; I wish those pensioners well in all their endeavours.

Whistleblowing has become very fashionable, but not all whistleblowers are right, and there is every reason why constituents should know, through the Freedom of Information Act, who the whistleblower was when they have been wrongly accused.

With Christmas just around the corner, I urge the House to think of Camp Ashraf, as the deadline for its closure draws ever nearer. If protection is not given to the people there, Iraqi forces might attack them. It is our duty to put pressure on the Iraqi Government to postpone the deadline, and to ensure that the United Nations High Commissioner for Refugees is allowed to evacuate the refugees safely.

Christmas is a wonderful time for giving, but many people give pets, and the result is absolutely disastrous: 11,500 pets were dumped last Christmas, so I hope that people will think very carefully before giving pets as presents this year.

A recent survey has shown that 16% of the population would quite happily buy fake fragrance. I would like to advise against the purchase of fake perfume; not only is it economically damaging, costing the real industry as much as £319 million a year, but it is dangerous for the user, with the potential for allergic reactions. I congratulate the Real Deal campaign on what it is trying to do.

I should also like to draw attention to the dangers of pocket lighters. According to a recent poll, one in 10 Brits has had an accident with a lighter, or knows someone who has. A worrying 79% of lighters sold in the UK do not conform to safety standards outlined in European regulations; I hope that the appropriate Department will have a look at that.

Sadly, hate crime is a growing problem, and it is particularly potent when it affects people who are learning-disabled. People with learning disabilities need to be helped to report hate crime, and I congratulate Southend Mencap on what it is trying to do.

I am still astounded at the way in which single parents are left isolated by what was the Child Support Agency. We brought before the House legislation that was supposed to help families, but I have in my constituency a Mrs O'Connor who has been struggling to get help for the past seven years. Her husband pays £5 a week towards the children. The latest letter that I got from the agency did not give a direct, personal line; it just gave a general line. That is absolutely disgraceful. The break-up of families is unfortunately an increasing phenomenon in today's society. I commend the family justice review's report, which mentions giving more power to grandparents.

I end with some thoughts about this place. When I first became an MP, I could make a real difference to people's lives. Unfortunately, increasingly I can do so only at the margin. One need only look at Parliament square, where we still have demonstrations, or at the ridiculous arrangements at the Curtis Green building. An important announcement was made about a local hospital, and Monitor did not even have a conversation with me—it just sent out a press release. That simply is not good enough. We need to get back ownership of this place, which was destroyed in 1997.

As far as next year is concerned, I hope that my mother, Maud, will be able to celebrate her 100th birthday in April; I hope that the Queen will have a wonderful diamond jubilee; and we all look forward to the Olympic games. I wish everyone a very happy Christmas, good health, peace, prosperity, and a wonderful new year.

5.34 pm

Eric Joyce (Falkirk) (Lab): I want to speak briefly about two things: first, the Democratic Republic of the Congo and, secondly, Independent Parliamentary Standards Authority—a subject into which I will segue with surprisingly little effort; as you will discover, Mr Deputy Speaker, there is a significant link between the two.

Today, the incumbent President, Joseph Kabila, was invested in office again after an election that was preposterous. It was condemned strongly by the United States and France—and by Belgium; one might not normally think that terribly important, but in the case of the Congo, the Belgians' position is quite important. Europe looks to Belgium to give a moral lead in some historical respect. The Carter Center observed the elections and said that they were not valid. The Open Society Institute did the same. In general, the position of most Governments, including the UK Government, is that the elections were a farce.

Nevertheless, Joseph Kabila turns out to be still in power. It is one of those odd situations where it is hard to break off diplomatic relations with a country because it has flawed elections. Many countries do not have elections at all, but the Congo is one of those worrying cases where things are going backwards. It had pretty well organised, well run elections funded by the international community back in 2006. This time, early in the year, President Kabila changed the rules to take out the second round of elections because he did not think he would win in the second round. He thought he would win easily in the first round. As the campaigning moved on, it looked as though he might lose in the first round, so it looks awfully like some manipulation took place, although nobody could see it. The manipulation occurs in the places where the ballot boxes are tipped out—sometimes just tipped out all over the floor and sometimes actually counted.

Some remarkable results emerged. In Katanga, where President Kabila clearly has a fantastic campaigning machine, he managed to get 99.8% of the vote—remarkable. His getting the vote out and his ID work must have been truly magnificent—99.8% of the vote. Only more remarkable than that is the fact that the turnout in Katanga, his own stronghold, was 100.14%—astonishing success in the Congo. Perhaps we should be watching how those politicians campaign and what the campaigning methods are. On the other hand, perhaps not.

Mr MacShane: Was it AV?

Eric Joyce: There are direct elections in the Congo, of course, for the president. The parliamentary elections, which took place at the same time, will be counted shortly and the results will come out in January. We should probably have no more confidence in those. That is a great shame. I urge the UK Government to take a very strong position. As time goes by it is hard to deal with such a Government. We give considerable international development aid. We cannot reduce that; it goes directly through NGOs, but I hope the Government will take a strong position in the coming weeks and months.

I shall now segue into IPSA. The President of the Congo has a cunning ruse. It is not that cunning, actually. He simply takes national assets, sells them to a mate for a pittance and then his mate sells them on for a few hundred million dollars profit. He has done it many times now. I have stuck it on my website for all who may be interested to see it. He has done it to the tune of $5 billion or $6 billion in the past two years. One such deal involved a company listed in the UK, a company called Eurasian Natural Resources Corporation, better known as ENRC.

The deal is well known and has been extensively written about. I urge all Members to google it. It is an absolute shocker of a deal. It is quite clear that it was a very ropey and dodgy deal. One of the primary defenders of the deal is a man called Ken Olisa, who was a member of the board of ENRC. He said at the time, "I wouldn't have joined the board if I thought there was anything ropey, if anything crooked was going on." That was just before he was famously sacked by the

[Eric Joyce]

ENRC oligarchs who run it. He then changed his tune and is famously quoted as saying that the company is more soviet than City. This is a company that essentially enables the President of the Congo to rip off the people of the Congo.

IPSA has five board members—very experienced individuals who draw on their own experience. There is an accountant/academic, a former judge, a former quangocrat, and even a former Member of Parliament, so a pretty good bunch, except that the business man on IPSA is none other than Ken Olisa. I find that absolutely staggering. When I spoke about the subject last time, I was not even aware of it. Someone tweeted, "Perhaps Joyce ought to look at Ken Olisa's other job before he slags off Ken Olisa again." It is absolutely astonishing that that man should be on the board of IPSA, carrying out a function that we all agree is very important. I hope he may have the chance to reflect on whether his position on the board is appropriate.

5.39 pm

Bob Russell (Colchester) (LD): The preamble to the charter of the United Nations says that the UN was created

"to save succeeding generations from the scourge of war .... to reaffirm faith in fundamental human rights, in the dignity and worth of the human person, in the equal rights of men and women and ... to establish conditions under which justice and respect for the obligations arising from treaties and other sources of international law can be maintained".

It refers to the need

"to promote social progress and better standards of life in larger freedom, and... to practice tolerance and live together in peace with one another as good neighbours".

It states that

"armed force shall not be used, save in the common interest,"

and that international machinery should be employed

"for the promotion of the economic and social advancement of all peoples".

Article 1 of the UN charter, in chapter 1, refers to the need to

"develop friendly relations among nations based on respect for the principle of equal rights and self-determination of peoples, and to take other appropriate measures to strengthen universal peace"

and to encourage

"respect for human rights and for fundamental freedoms for all without distinction as to race, sex, language, or religion".

Following that introduction, I would like to refer to the UN declaration of the rights of indigenous peoples, which was adopted on 13 September 2007. Article 8 states that indigenous peoples have a collective and individual right to maintain and develop their distinct identities and characteristics, including the right to identify themselves as indigenous and to be recognised as such. It states that indigenous peoples should

"be free from discrimination of any kind"

and that we need to recognise

"the urgent need to respect and promote the inherent rights of indigenous peoples which derive from their political, economic and social structures and from their cultures, spiritual traditions, histories and philosophies, especially their rights to their lands, territories and resources".

Sadly, there is one country in the world with which this country, every country in the European Union and the United States of America have very strong links, but which practises policies of ethnic cleansing and apartheid against its indigenous people. I refer to the state of Israel. The Israeli Cabinet took the decision on 11 September to proceed with a plan for attempting to resolve the long-standing issues faced by the country's 200,000 Arab Bedouin population living in the southern Negev desert. The plan, known as the Prawer plan, will result in at least 30,000 people losing their homes. It is expected to be put to the Israeli Parliament any time now. The Bedouin community was not consulted when the plan was drawn up and already faces serious human rights violations through discriminatory policies.

The Bedouin are Israel's indigenous people, as has been accepted by the UN special rapporteur on indigenous peoples, but the Israeli Government refuse to accept that and withhold several rights that are accorded to them under international law. Israel now wants to try to move tens of thousands of Bedouin from their homes and villages into Government townships that are already overcrowded and have a whole range of social and economic problems.

Earlier this year I had the privilege of visiting Palestine/Israel, the west bank and east Jerusalem. I witnessed at first hand policies of ethnic cleansing and apartheid against the Palestinian people in the occupied territories, which is a separate matter to that of the Arab Bedouin. We have heard today about the Arab spring, but I am referring to the Arab winter. Palestinian children are being arrested, ill treated—arguably tortured—and some of them are being detained in Israel in violation of article 76 of the fourth Geneva convention.

Because of the illegal walls built by the state of Israel across the west bank, today Mary and Joseph would not have been able to get to Bethlehem, the shepherds would have been ethnically cleansed and the three kings would not have been allowed into Palestine. I am amazed that the leaders of the Christian faith around the world, whether the Orthodox Church, the Anglican Church, through the Archbishop of Canterbury, or the Pope, have remained silent. It is time that the Christian leaders spoke up for the people of the holy land.

5.44 pm

Tony Lloyd (Manchester Central) (Lab): It is a pleasure to follow the hon. Member for Colchester (Bob Russell), and I pay tribute to his remarks. I shall stay in the middle east, but stick with the theme that my right hon. Friend the Member for Rotherham (Mr MacShane) introduced some moments ago of the Arab spring.

The Arab spring is far from off course, and we have to maintain our optimism and hope that it can deliver to the peoples of that region justice and, for the first time in all our lifetimes, the prospect of democracy, but worrying developments are taking place, even in countries with which Britain has the closest of relationships.

We know that 14 people have been killed by the security forces in Egypt since last Friday; we know that beatings are taking place; and we know of the case of the young woman who was half-stripped by the security forces, dragged along the floor and forced to reveal her underwear in what was a shameful act. Britain has strong relations with Egypt, but I endorse my right hon.

Friend's plea that its ambassador should be summoned to the Foreign Office and told of the serious concerns that this House and the people of Britain have about the actions of the security forces in a country that we value as a friendly nation.

Bahrain is also a country with which Britain has the strongest possible contacts and strong business connections, but we know from recent times that business in countries such as Bahrain is best helped when Britain promotes a strong regard for human rights. So we have to tell the King of Bahrain, with whom we have strong contacts, that the arrest of Zainab Alkhawaja, the blogger known as Angry Arabiya, and her punching by members of the security forces is a disgrace; that he has to address the results of the commission of inquiry that he set up—his own commission—to look into the disturbances there; and that the doctors who were arrested by the security forces for treating the victims of violence should now be released. Those are simple demands, and the Bahraini ambassador should have it made clear to him that this Parliament does not tolerate such abuse of human rights, even by countries with which this country has a close friendship.

In Syria, the situation is much complicated, with 5,000 people dead since the beginning of the Arab spring and the state deaf to any protest. The Russians may be starting to put a little more pressure on their long-time ally in Damascus, but Britain has again to speak out more loudly and to work with its allies in the European Union and at the United Nations to bring pressure on Damascus, because the systematic killing of people and the alleged rape of even children by the security forces is something about which we have to be vocal in the world. All Members would agree with that. We need robust diplomacy in the middle east, stating that human rights and the defence of democracy are in the common interest not simply of people in Britain, but of the ordinary citizens of Bahrain, Syria and Egypt.

Britain's own interest is in seeing democracy develop in the middle east. My right hon. Friend said that he distrusted Islamist parties, but we have to be a little careful not to portray all Islamist parties as hostile to democracy. In Turkey, for example, democracy is consistent with a moderate Islamist party, so we must not allow the fundamentalists to drive a wedge between our country and such moderate groups.

Finally, on Belarus, almost a year ago to the day I led the international observation mission on the elections there, which were fraudulent from beginning to end and disgracefully ripped off the rights of the people of that country, but I was pleased to see this week a letter in the name of our Foreign Secretary and those of Germany, Poland and Sweden, making clear their position on Belarus. In that country, things go from bad to worse, and we have seen the presidential candidate, Andrei Sannikov, not only arrested and imprisoned, but imprisoned without his own family even being told where he is or able to communicate with him. That is a disgrace of an enormous magnitude and not simply the suppression of democracy, but an attempt to cow any voice—however strong, as Andrei Sannikov's voice has been—that criticises the Lukashenko regime.

It is right and proper that we now demand the toughest possible EU sanctions on the Lukashenko regime and those around him.

5.49 pm

Kris Hopkins (Keighley) (Con): I want to spend a few minutes celebrating some of the achievements in my constituency and highlighting some of my constituents' concerns.

This has been a very difficult year for many of my constituents, particularly those in business. I want to recognise the extraordinary efforts of organisations such as Ilkley Business Forum, which has been offering leadership in bringing businesses together to try to support each other, and in ensuring that other partnerships work effectively in delivering the success of these businesses. I have two messages. First, I would say to constituents: "Buy local and support your local high street and local businesses. Unless you use those services, you might, as people often say, lose them, so please go and support them." All levels of government have a responsibility to support business, including local government, so I would say, secondly, to Bradford council, of which I was once leader: "Ignore businesses in Keighley and Ilkley at your own peril." At this time of economic difficulties, raising taxes by putting fees on car parking in those towns is wrong. As one business man said to me recently, "The local council thinks the streets of Ilkley are paved with gold." Local businesses do not need to have these charges put against them; they need to be supported, and the council needs to reconsider.

We need to increase our capacity in the north. The north wants to make a positive contribution to the economy of this country and to change the dependency on the public sector and promote businesses. I therefore fully support the high-speed train link and want it to expand to Birmingham as soon as possible and then up to the north. Councils and MPs of all parties very much support this, and I give it my 100% backing.

The public sector is undergoing some of the greatest changes in Britain. Cuts to the public sector, particularly in the north, are having a real effect on services and staff. In my last role as leader of the council, I saw the enormous commitment by public sector workers in delivering key services. I know that these are difficult times, and despite the many issues raised, I welcome the positive response by the majority of the trade unions—a response that I have come to respect, as will many other people.

In my constituency, the jewel in the crown is probably Airedale general hospital. I want to acknowledge two "Highly Commended" national awards that the hospital has received and pay tribute to two members of staff, in particular. Senior audiologist Alan Walshaw has been recognised as audiologist of the year 2011, and Jane Downes, the hospital's company secretary, has become company secretary of the year in a not-for-profit organisation. It is extremely important to recognise that.

Educational attainment and skills are low in the constituency, and if we fail to address these issues, the town will fail. Keighley First locality achievement partnership has already, in its first year, made a significant impact on attendance at schools, and I applaud its efforts. Parkwood primary school and Long Lee primary school have been judged to be outstanding schools by Ofsted.

A few weeks ago, I went to visit Project 6, which is a drug and alcohol treatment centre in town. Such a place is not always the most popular location in anybody's

[Kris Hopkins]

town, but an enormous amount of important work is done there. Three ambassadors talked about their struggles in dealing with drug and alcohol abuse and the effect that it has had on their families. We all, in our towns and constituencies across the country, need to take some responsibility in addressing this. Many of these people want to make a positive contribution to society and not to be a burden. I pay tribute to the staff and volunteers at Project 6 for the work that they do.

The measure of any nation is how it addresses international development. We put an enormous amount of money into international development, and that is important. With other countries, we have helped to vaccinate a quarter of a billion children against diseases that our children do not suffer from; we have saved the lives of very many people in the horn of Africa; and we have put money into schools in Gaza, where 12 new schools are helping 24,000 children.

5.54 pm

Jack Lopresti (Filton and Bradley Stoke) (Con): It is a pleasure to speak in this pre-recess Adjournment debate. I will focus my contribution on two local issues in my constituency. I had planned to talk about three issues, but I guess that it will have to be two because we are short of time. I am sure that I will manage. The two issues are superfast broadband connections and progress on the local campaign to combat antisocial behaviour.

There is demand for superfast broadband across Bradley Stoke, which is a new town and the largest population centre in the constituency. The sticking point is that any significant undertaking to lay the necessary cables in the town to increase the broadband speed would have to be done at the providers' cost because the roads are in a good state of repair.

Last year, we started a community broadband campaign that collected more than 1,000 signatures to demonstrate the demand for improvements to the Almondsbury exchange. Although I appreciate that there are local infrastructure issues, it is difficult to see why the private sector is not capitalising better on that demand. We also hosted a meeting with the Under-Secretary of State for Culture, Olympics, Media and Sport, my hon. Friend the Member for Wantage (Mr Vaizey) and the local authority. The Minister told us that to help solve the problem, the Government have set up a scheme to provide £530 million of funding to improve broadband provision across the country.

To ensure that South Gloucestershire council is able to benefit from the scheme, the Conservative-run council is working with Broadband Delivery UK to develop a local broadband plan, setting out how homes and businesses would benefit from improved broadband provision. Progress has not been as quick as I and some of my constituents would like. I am as keen as they are that concrete results emerge soon and I am hopeful that they will.

South Gloucestershire council had been working with Bath and North East Somerset council on a joint superfast broadband plan to submit to the Government for approval. However, at its November meeting, the Bath and North East Somerset cabinet decided to pull out of the plan. It made no sense for the Lib Dem administration to pull out of the joint plan with South Gloucestershire council, given all the benefits that superfast broadband could bring to households and businesses across both districts. I am pleased to report that progress is none the less being made behind the scenes. I hope to give positive news to my constituents on this matter early in the new year.

Hon. Members may remember that several months ago, in another pre-recess debate, I called for antisocial behaviour to be taken much more seriously by the police force that serves my area. I had been contacted by residents in Filton who were concerned that antisocial behaviour was being allowed to get out of control and was becoming a daily occurrence in some areas.

I am pleased to say that we have made significant progress in ensuring that the local police put the appropriate amount of time and energy into tackling antisocial behaviour. I am in constant contact with Avon and Somerset police, including with Chief Constable Colin Port, with whom I have an effective working relationship. In my mind, local policing has improved greatly because local people's priorities are being considered and swift action is being taken. I pay particular tribute to Inspector Robert Evely, who has worked tirelessly to ensure that local residents feel safe and that their voice is heard in local police decision making.

When local policing takes into account local feelings, it can only be for the better. That is why I am such a strong supporter of the Government's policy of police and crime commissioners and the elections that will take place in November 2012. Police and crime commissioners will be directly elected and accountable to the public who elected them and whom they serve. They will help to repair the broken link that I believe exists between the public and the police service. It is a fantastic policy that will be of huge benefit to residents in my area. I encourage all my constituents to take an interest, to participate in the elections and, if they are so minded, to consider running for the office.

5.58 pm

Neil Parish (Tiverton and Honiton) (Con): It is a great pleasure to speak in this recess debate. First, I want to talk about Feniton, which is a village in my constituency that was flooded badly in 2008. In the village there are many bungalows. When they were flooded, a lot of elderly people had to go up into their lofts to get away from the floods. As one can imagine, that was a terrifying experience.

There are schemes to alleviate flooding in Feniton in the future. One scheme is to build ponds in the fields at the top of the village to collect water so that it does not rush down through the village, and thus to prevent flooding. The other plan is to build a pipe through the village to take water away more quickly. The only problem with the second solution is that it would take water down to the bottom end of the village, which would probably flood that area. I therefore think that the ponds at the top of the village are the answer. I am looking to the Environment Agency and the Department for Environment, Food and Rural Affairs to help finance that. I know that money is tight, but I am particularly interested in trying to help my constituents in Feniton.

The other issue that I wish to raise is the aggregates levy sustainability fund, which was set up in April 2002 by the Department for Environment, Food and Rural Affairs and is intended to promote more environmentally friendly extraction of aggregates and to control the impact on local people.

There is a quarry at the villages of Westleigh and Burlescombe in my constituency, where some 750,000 tonnes of aggregate a year is extracted. The roads through Burlescombe are particularly poor and there are a lot of old cottages there, so the transportation of that aggregate is bad not only for the safety of the village but for its properties. The extraction produces something like £1.5 million a year of aggregates tax—a tax that was set up to help local people. I should like the Government to consider, as part of the Localism Bill, allowing some of that tax to be kept locally instead of being gobbled up by the Treasury, however exciting and necessary that might be.

The quarry has some 25 to 30 years to run, so we can imagine the millions of tonnes of stone that will travel through the village. It is high time that we worked out a way in which a percentage of the aggregates tax could be siphoned off and ring-fenced for the village of Burlescombe. That would bring some relief to the village.

There is also a tarmac plant at the Westleigh quarry, which runs day and night at times, especially at times of the year when there is a great demand for tarmac. Again, the villagers have to put up with lorries going through the village very late at night. It is high time that the Government, who are very keen on ensuring that local people have a say, give them a say on how the aggregates tax is spent. It may take several years, but a road and relief could be provided for the villagers of Burlescombe and Westleigh if just a small levy were put on the aggregates tax.

I will be interested to hear what Ministers have to say about that matter, because many of my colleagues throughout the country will have quarries in their constituencies and be in the same position. Why should people who have to put up with the problems of quarrying not get any benefit from the aggregates tax, which was set up to look after local people?

6.2 pm

Gordon Henderson (Sittingbourne and Sheppey) (Con): My local community has lost two friends in the past couple of weeks. First there was the very sad passing last week of Councillor Brenda Simpson, who was an outstanding member of Swale borough council for 23 years. Brenda was a perfect ward councillor who, despite being a staunch Conservative, always put the interests of her Kemsley community before party politics. She was honest, hard-working and a thoroughly nice person, and she will be missed by friend and political foe alike.

This month we also witnessed the death of the *East Kent Gazette*, which closed its doors after 156 years of publication. My heart goes out to the hard-working staff who face the prospect of losing their jobs.

This year we also witnessed the closure of Sittingbourne magistrates court, which was killed off by the Ministry of Justice despite a promise made to local people that it would remain open when Sheerness magistrates court was closed a few years ago. I am convinced that the closure will lead to some of my constituents being denied the access to justice to which they are entitled.

Sadly, there are more closures in the pipeline. For instance, we are fighting to keep open Queenborough fire station, which Kent fire and rescue service wants to close on the grounds that the number of houses in the area does not warrant a fire station. That ignores the fact that there are plans to build another 2,500 homes in Queenborough in the foreseeable future.

We are also fighting to save the Sheerness county youth club, which is under threat from Kent county council despite being acknowledged as one of the best youth clubs in the county.

We have a number of other challenges, too. For instance, our local road infrastructure needs upgrading if we are to prevent the centre of Sittingbourne from becoming gridlocked in the not-too-distant future. For a start, we need urgent action to ease congestion on the A2 and on the A249 at the Stockbury roundabout, which is a nightmare during rush hour. In addition, we want to see a commitment to complete the final stretch of the northern relief road in Sittingbourne and agreement in principle for a southern relief road.

Last week we learned that there are now almost 3,000 people unemployed in my constituency, an increase of 200 on the last quarter. But despite that increase I am quite upbeat about the future prospects for employment in my constituency. Recently Swale borough council approved planning applications for two new Morrisons supermarkets in the area, one in Sittingbourne and one in Sheppey. Tesco has also received planning approval for a major regeneration of Sittingbourne town centre. Those developments alone will create up to 1,500 very welcome jobs. Of course, because of their size, there might be a temptation for the Government to call in one or more of those planning applications. I would urge Ministers to resist that temptation so that those jobs can be delivered without delay.

In Sittingbourne and Sheppey we are lucky to have some excellent schools, including six secondary schools, all of which have either achieved academy status or are hoping to become academies. But a number of those schools are in urgent need of capital investment. I understand why the Government scrapped the ill-thought-out and badly managed Building Schools for the Future programme, but I very much hope that money will be made available to the schools in my constituency who desperately need to upgrade their buildings in order to maintain the excellent standards that they currently achieve.

Finally, there is one other bit of good news for my constituency, and it is literally good news! The Kent Messenger Group has stepped into the breach caused by the closure of the *East Kent Gazette* and last week launched a new paid-for paper in my constituency. It is called the *Sittingbourne News Extra*, and judging by its first edition, it promises to provide Sittingbourne and its surrounding villages with the local news to which they have become accustomed. I would like to take this opportunity to congratulate the editor and staff of the *Sittingbourne News Extra* on the quality of their paper and welcome them to our local community.

There is so much more that I could say about my constituency, of which I am very proud, but sadly time does not allow me to do anything other than wish you, Mr Deputy Speaker, and other right hon. and hon. Members, a merry Christmas and a happy, healthy and peaceful new year.

6.6 pm

Martin Vickers (Cleethorpes) (Con): On the face of it, my constituency might seem well served by transport as it has an international airport, the largest dock complex in the country and 10 railway stations, including

[Martin Vickers]

one that serves two farms and an ancient ruin, and was used by 13 passengers in 2010. But the road network needs a little improvement. The main road into the constituency is the A180, but the A160 off to Immingham dock—which, as I said, is the largest dock complex in the country—is in urgent need of an upgrade.

The last message I had from the Department for Transport said that the upgrade was included in 12 future schemes that should receive development funds, and that a decision would be taken by the end of the year. So time is running out and this is my last opportunity to lobby Ministers about the importance of the A160. Not only does it serve the existing Immingham dock, but it will serve one of the two new enterprise zones in the area, so it is clearly of vital importance.

I welcome the Government's recent decisions to grant those enterprise zones that status, and we also gained from the announcement that the Immingham bypass would at long last go ahead, as well as the halving of the Humber bridge tolls. May I also draw Ministers' attention to the urgent need for a direct rail service from the constituency to London? About a year ago I met Alliance Rail, which is keen to do this, and it told me that its plans were still in the system. But the byzantine procedures that they have to go through for the opportunity to run a rail service are complex beyond belief. If we are to go ahead with High Speed 2 and develop our rail network, we must put together a system that reaches decisions rather more quickly. If the Victorians had been locked into the present system, our trains would still be pulled by Stephenson's Rocket, and the network would not have expanded as it did. There is no incentive for rail companies to provide extra services.

That is typified by the service that runs on Saturdays only from Cleethorpes to Brigg, Kirton in Lindsey and Gainsborough, and then on to Sheffield. We have a good service to Sheffield via Doncaster, but I am eager for people from Gainsborough—I can see my hon. Friend the Member for Gainsborough (Mr Leigh) in his place—to be able to use that service to take their families for a day out in Cleethorpes, where they can enjoy Pleasure Island and see the attractions that the "Cleethorpes in bloom" committee has organised.

Mr Edward Leigh (Gainsborough) (Con): And the other way round.

Martin Vickers: I thank my hon. Friend.

Susan Elan Jones (Clwyd South) (Lab): The hon. Gentleman is making the case eloquently for the links between good transport infrastructure and economic development, but does he agree that direct train services are pivotal to that? Sometimes London does not realise that direct services—

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. That is far too long an intervention. May I just say to Members that time is tight? I want to get everybody in, but time is very tight indeed. If people are going to give way, they should remember that the extra minute will come off somebody else's time. Please let us try to ensure that we get everybody in.

Martin Vickers: I certainly agree with the hon. Lady's point. It is vital for growth and economic development that we should have direct services. However, the system is so complex that there is no incentive for existing railway companies to expand. They can pile people on to existing services, but where is the incentive to take the commercial risk and develop a new service? We must do something to improve the situation.

Finally, I want to return to the vexed subject of the Humber bridge tolls. Members will appreciate that in his autumn statement the Chancellor halved the tolls. That is a great boost to the economy of the local area. Sadly, there is a fly in the ointment: the four local authorities have to reach agreement, because otherwise legislation is required. Three of the local authorities, under a mixture of political control, have agreed that the underwriting of the remaining debt should be split equally between them. Unfortunately, the leader of North East Lincolnshire council has taken a rather obstinate and petulant position, saying that that should be divided according to population.

I have written to the Economic Secretary to the Treasury and the Under-Secretary of State for Transport, my hon. Friend the Member for Lewes (Norman Baker)—the two Ministers who conducted the recent review. However, may I urge those on the Front Bench to pass on my concerns to both those Ministers and all concerned, and ask that whatever pressure is possible be applied, so that this matter can be resolved? After 25 years of campaigning we now have the opportunity to give the local economy a real boost, and give easier and cheaper access to those who have to cross the bridge to obtain health treatment. Now is the time to do that. I urge Ministers to do all they can to resolve this issue as quickly as possible.

6.12 pm

Harriett Baldwin (West Worcestershire) (Con): Mr Deputy Speaker, may I take the opportunity in this eclectic Christmas debate to wish you, your colleagues and all right hon. and hon. Members, as well as all parliamentary staff, a very happy Christmas and all the best for the new year?

I want to raise a topic of constitutional importance to a Government who have embraced parliamentary and constitutional reform with great enthusiasm: the West Lothian question. In fact, I would go so far as to say that all I want for Christmas is a West Lothian commission. I know that the Government share my enthusiasm to set up such a commission, because they have referred to it on many occasions. I think the first occasion in this Parliament was when the Parliamentary Secretary, Cabinet Office, my hon. Friend the Member for Forest of Dean (Mr Harper) said in July 2010 that he anticipated that the commission would be set up by autumn 2010. That was confirmed again later that July by the Under-Secretary of State for Scotland, who said that he would bring forward proposals in the autumn.

However, by October we heard that, in fact, the aim was to announce plans for a commission by the end of 2010. Then, when I raised the subject in last year's Christmas Adjournment debate, I was assured that we would get the announcement in the new year. When I asked whether that meant 2011, I was assured that the Government were happy to confirm that that was the case. Imagine my excitement, then, when 2011 arrived,

and when we were told, in March, that the commission would shortly be established. As time progressed throughout the year, a debate on the West Lothian commission took place in Westminster Hall, at which the Parliamentary Secretary confirmed that, in referring to "this year", he did indeed mean 2011.

I was therefore very excited when a written ministerial statement was made on 8 September to assure the House that the commitment in the coalition's programme for government to

"establish a commission to consider the 'West Lothian question'"

would result in a commission being established after the conclusion of a

"short process of consultation and further deliberation. I expect that this will be in the weeks after the House returns in October."—[*Official Report*, 8 September 2011; Vol. 532, c. 28WS.]

In the debate on my private Member's Bill on 9 September, we again heard that the Government were keen to address this thorny constitutional topic as soon as possible. It is a problem that could become quite serious if it is not addressed.

It has taken 100 years to get this far towards establishing a commission on the West Lothian question, and we must welcome the enormous progress that has been made. I was delighted when the Deputy Leader of the House was able to confirm last week that the announcement was to be made shortly. I am therefore pleased to be able to give him this additional chance today, while we are still in 2011, to embrace this issue with the enthusiasm that I know he shares and to announce the establishment of the West Lothian commission. So, without further ado, I shall sit down and eagerly await that announcement.

6.16 pm

Mark Pawsey (Rugby) (Con): I wish to raise a matter that is of particular concern to the logistics industry. That industry is something of a Cinderella sector whose contribution to the UK economy is often not recognised. It has had a tough few years, not least as a result of high fuel prices. Despite that, it has continued to deliver the goods for the UK, and our economy depends on an efficient, successful supply chain getting the right goods to the right places.

The logistics sector is of particular importance to my constituency, because Rugby enjoys an ideal location in the centre of England and at the crossroads of the motorway network, an hour away from the M25. As an aside, I should like to say that the industry and I welcome the Government's commitment to improving the Catthorpe intersection at junction 19 of the M1. It is at the crossroads of the motorway network, and the scheme will improve a junction that currently suffers from considerable delays and accidents.

The issue that I wish to raise is the proposed EU regulation on the height of commercial vehicle trailers. The EU is seeking to restrict such trailers to a height of 4 metres through a directive known as the whole vehicle type approval scheme. The EU claims that this will ensure safety on our roads, but I believe that it is an example of the EU bringing in standardisation for standardisation's sake.

I doubt that many Members will be aware of the directive. I was unaware of it until I had a meeting with representatives of a company based in my constituency. Lloyd Fraser Contracts is a large logistics company, among whose many contracts is one with Mr Kipling cakes. At this time of year, it spends much of its time delivering mince pies, among other things. These are relatively light, fragile products that are packed in boxes of very little weight. It is important to get as many boxes as possible into the trailers, and one way for the company to do that is to make its trailers taller to maximise the available space.

In response to the EU's claim, Lloyd Fraser told me that it knew of only two instances in which the height of a trailer had been an issue in an accident. It was put to me that self-regulation has worked effectively in recent years. I was also told that when issues of wind speed are involved, the company takes a decision to take the high-sided vehicles off the road. It sees no reason for legislation. However, 4.9 metres seems to have been adopted within the UK as the maximum height of a trailer, but the company is now using double, triple or even quadruple decks on its lorries. In doing this, British businesses gain extra cubic capacity, while fuel consumption and exhaust emissions per tonne of product are dramatically cut. There is a strong business case for allowing British distributors and logistics companies to do what they have been doing.

In this matter, I want to refer to research published by Professor Alan McKinnon in October 2010. It showed that between 2004 and 2008 there was a 57% increase in the amount of freight moved in double-deck trailers. If the EU regulations are implemented and the UK is not granted an exemption, this directive would see road haulage costs rise by roughly £305 million, with CO_2 emissions increasing by 64%—equivalent to having 151,000 extra cars on UK roads.

This is a potential problem for the UK, but I understand that work is going on behind the scenes between the Government and the EU. I welcome some of the meetings that have taken place with representatives from the industry. I very much hope that this will bring a successful resolution for all. It is important to champion the freight industry for keeping this country's economy on the move. When it comes to the negotiations, I hope that common sense will prevail.

Finally, I extend to you, Mr Deputy Speaker, to all Members and to staff a very happy Christmas.

6.21 pm

Neil Carmichael (Stroud) (Con): It is an honour to speak in the final debate before Christmas. I want to talk about manufacturing engineering. We have a large number of successful manufacturers in my constituency, notably in the engineering sector, but in a wide range of products. I believe that we should celebrate these successes; it is time we put the spotlight on them. I am organising a festival for manufacturing and engineering to achieve exactly that.

First, I want to thank all the firms and organisations, especially the schools and our local college, for the massive support I have received in organising this week-long festival, which will focus on a wide variety of manufacturers and engineers.

I want to organise the festival for three reasons. First, as I have already said, I want to celebrate the success in my constituency. Manufacturers make a lot of innovative products and they export them across the globe. That is absolutely fantastic, and we need to say so.

[Neil Carmichael]

Secondly, we want more investment—much more investment—from outside as well as inside, because that will further drive the success of these businesses. To that end, I aim to ensure that investors come to Stroud to see what we have on offer in terms of the infrastructure and the people already there, and the opportunities.

The third reason I am organising this event is to make sure that young people see manufacturing as a pathway towards their own careers or a pathway to develop their expertise in manufacturing and engineering—to see it as a way to spend their lives in a working environment. It is so important to encourage young people to think about manufacturing and engineering as places to work.

Those are my three reasons, and I believe the festival will be a success. It starts on 23 April. I have brought on board a large number of people—beyond those supporting it through sponsorship and provision of other forms of support—because the initiative strikes at the heart of what we need to do.

Several things need to be done better, however, to make sure that manufacturing and engineering succeed in the long term. One is making sure that the banks start to understand how these firms really work, what they aim to do and how the banks can help them. We have to be more subtle and more sophisticated at analysing the requests for additional funds, especially in the small and medium-sized enterprises sector. We need, too, to go beyond simply managing debt towards equity funding. The Government should encourage that as they move towards implementation of the Vickers report. I look forward to contributing to those debates, but I want to put down a marker now: we must ensure that that is done.

Secondly, I think that we must be more aware of the length and sophistication of manufacturing supply chains. That is equally important in the context of Gloucestershire as the town that contains my constituency and in the context of Gloucestershire as part of England, and indeed that of England, Britain, Europe and the world. Supply chains are critical. I welcome the Government's investment in them so far, but we must ensure that our attitude to economic policy takes account of that important element of manufacturing and engineering. Obviously, I shall want to draw particular attention to what happens in Stroud.

Finally, I want to emphasise the importance of skills and apprenticeships. It was good that we debated the subject yesterday, but we still need to find ways of encouraging young people to think about small businesses as options for apprenticeships, and encouraging small businesses to see apprenticeships as a way forward for them. We focus too much on the restrictions that deter them from employing young people. I know that we are reducing those restrictions, but we must also start to talk positively about the role that young people can and should play in small as well as medium-sized businesses. Those are facts, and they are important in ensuring that our economy thrives.

I want 2012 to be a happy and successful year for manufacturers, and I wish all Members of the House and the officers who support it a first-class Christmas.

Several hon. Members *rose*—

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. I must reduce the speaking time to four minutes so that all Members have a chance to speak.

6.26 pm

Penny Mordaunt (Portsmouth North) (Con): I am going to speak about Portsmouth football club. I warn the House that there is some good news and some bad news. The good news is that fans have come together to set up a supporters trust. I declare an interest as a proud member of that trust: like so many others, I pay a £5 subscription, which goes towards funding community projects and, potentially, safeguarding the future of the club. I pay tribute to all who brought that about, in Portsmouth and at Supporters Direct.

Now for the bad news. It is often said by enthusiasts—although we in this House would disagree—that the mark of a good referee is that he goes unnoticed, letting the game run its course. Sadly for fans of Portsmouth, the financial referee has been too much in evidence in recent years. Yet again, Portsmouth has been let down by one of its owners. At about the time when we were debating the problems with the European arrest warrant, one such warrant was issued for the Russian owner of the club so that he could answer charges of money laundering in Lithuania. His company, Convers Sports Initiatives—or, rather appropriately, CSI—was placed in administration, and the hunt for another new owner is under way.

Fans and the club staff are right to feel disappointed after the extraordinary amount of work that has been put in by so many people over the last 18 months to avoid closure and rebuild the club. The sense of despair is all the more acute given that the "fit and proper person" test was supposed to weed out unsuitable owners. I am keen to hear the Minister's views on the situation, and to be told what he can do to support the club in its latest challenge. Needless to say, I have a few suggestions.

I think that the Minister should be anxious for the vetting of prospective club owners to be done well, and I should like to hear his assessment of the process that led to CSI's being allowed to buy Portsmouth. I was very pleased both by the report on football governance by the Culture, Media and Sport Committee and by the Government's response to it. The social value of the game is very much recognised in this place.

Those who invest in football clubs as a means of making money would do well to recognise that they have put their money not just into a vehicle for profit, but into the collective identity of communities—the bonds shared between generations of families. It is that simple enjoyment of the game and love of the club for its own sake that makes supporters clubs appropriate participants in club governance. Their sole interest is the club, and without them there would be no club. In my view, that is the most compelling argument for supporters trusts to have a governance role.

Like the Portsmouth supporters trust, I think that the option of supporter involvement via a financial stake should be considered for Portsmouth, and I am helping with the production of an assessment of the amount that could be raised. The professionalism with which the trust has conducted itself has been hugely impressive. The core working party is composed of knowledgeable and skilled individuals with the financial and legal

expertise to develop this proposition. However, they have been faced with a series of improbable but all too real barriers. They do not yet have access to the financial information any prospective buyer would be entitled to see. There appears to be a bias against them—a suspicion that they are not serious, and an assumption they do not have the funds and that they are not competent. We will demonstrate, because we can, that all these prejudices are unfounded, but it should not be necessary to go to such lengths. I would be grateful if the Minister made it clear to the administrators that in taking such a stance they are not acting in anyone's interests. Discrimination is not the better part of valour. The administrators should be left in no doubt that this House and the Government believe in supporter involvement and that the Portsmouth supporters trust should be both treated and judged on a level playing field.

I would be grateful if the Minister took an active interest in this latest episode of Portsmouth football club's life, and for anything the Minister could do to support the trust and the fans in safeguarding their beloved club's future.

Finally, I wish colleagues a happy Christmas.

6.30 pm

Dr Thérèse Coffey (Suffolk Coastal) (Con): First, may I thank you, Mr Deputy Speaker, Mr Speaker and all the staff and officials of the House, as well as the security officers, for all they do in making the work of Members easier than it would otherwise be? I also want to thank my own staff—those currently working for me, and those who have moved on—for all their support in helping me represent Suffolk Coastal.

I want to highlight three topics. The first of them is the high fuel costs of people who live in off-gas-grid houses. I first raised this issue just over a year ago, when we were in the middle of a bleak mid-winter—the current winter has been much milder, of course. Last year people were paying just over 70p a litre for heating oil, and this Christmas the price is 60p, but that is still a huge amount of money, and the price is 50% higher than it was two years ago. I want to publicise the all-party group that was set up yesterday. I am sure that all the Members who have worked so hard on this issue will flock to join it. I also want to thank the Minister of State, Department of Energy and Climate Change, my hon. Friend the Member for Wealden (Charles Hendry), for all the work he has done in helping to move this cause along. I hope that 2012 will be the year of success, when we can finally hold our heads up high on behalf of our constituents, many of whom are suffering fuel poverty. I also commend the community foundation networks for establishing the "surviving winter" appeal. When they are looking for people who really need their help, I ask them to look to the households without access to gas, as they are spending a lot of money to keep warm this winter.

Turning to rural post offices, I will keep up the fight for my local post offices in Wangford, Walberswick and Blythburgh. Unfortunately, the outreach service is no longer working properly, but it is important that such services can be accessed. The Post Office is working on that, but it is important that communities are supported, rather than face constant frustration.

On broadband, I am keen that the people of Suffolk show their support for the procurements that will happen next year. It is vital for our county that both fixed and mobile broadband are successes, in order to make Suffolk Coastal a great place not only to come to for the weekend but to work, rest and play all year round. I am also encouraged by recent comments by Ofcom about mobile broadband, and I am confident that the voice of the House will be listened to in ensuring that coverage of at least 98% will be achieved next year.

I thank all the people of Suffolk for raising more than £3 million towards the Treehouse appeal. I also thank the brave soldiers and officers of 23 Engineers, who are based in my constituency at the Rock barracks near Woodbridge. I specifically thank the commanding officer, Lieutenant-Colonel Frazer Ross. He has shown great leadership to that regiment. I am very sad that he will be moving on to his next post early, but I wish Frazer and Sandra well. Incidentally, they are moving to within a mile of where I used to live in Hampshire.

I also thank Siobhan Jordan from Ipswich hospital for getting through the second Care Quality Commission inspection, and I wish Carole Crocker, director of nursing at James Paget university hospital, the best of luck; I hope we manage to pull through.

Finally, local enterprise partnerships were established only this year, and I pay tribute to the new Anglia LEP and Andy Wood, who has been its chair. He has been a great driver of growth and I hope that continues in 2012.

6.34 pm

Ann Clwyd (Cynon Valley) (Lab): To cut straight to the point, happy Christmas; there is not much time to say anything else.

I want to draw attention to the trial of Bradley Manning, a young US soldier with a Welsh mother who is standing before a pre-trial hearing in a military court in Washington at the moment. In April 2010, the WikiLeaks founder Julian Assange publicly released the Iraq video "Collateral Murder", which shows a US army attack in Iraq in 2007 that left 12 innocent civilians dead, including two employees of Reuters. The disturbing Iraq footage proved to be just the start of a series of WikiLeaks releases that included US military incident reports from Afghanistan and Iraq, and tens of thousands of US diplomatic cables.

In May 2010, a young US Marine was arrested while serving in Iraq on suspicion of being the source of the WikiLeaks revelations. Just a few months earlier, Hillary Clinton praised the use of the internet—praised blogs, e-mails, social networks and text messages—which she said has opened up new forums for exchanging ideas, and created new targets for censorship.

The pre-trial hearing that is now under way will determine whether Bradley Manning will face court martial. He is charged with aiding the enemy and violating the espionage Act, and if convicted could be sentenced to life imprisonment. Manning has appeared in public for the first time since being confined under maximum security for one and a half years. For much of that time he was held in conditions so harsh that the UN rapporteur on torture felt compelled to express concern after being denied unrestricted access to Manning by the US Government. The US Government's treatment of Bradley

[Ann Clwyd]

Manning in these conditions has been discussed by me and others in this House previously, and it was international pressure that got him better prison conditions.

I believe that Bradley Manning is carrying the can for repeated mistakes by the US military. He should never have been sent to Iraq in the first place. He should have been discharged from the army, as was originally intended. The people who should be on trial are those who ignored the medical evidence. They sent a vulnerable young man to deal with sensitive classified information. They were negligent. It is clear now from the evidence coming out in the court that this was a troubled young man who should never have been given access to classified information. Those who allowed this access were grossly negligent and have only themselves to blame.

I believe that Bradley Manning's actions have served as one of the sparks for the emerging Arab spring and the dramatic changes across the middle east. I hope that this House agrees with me that Bradley Manning should have a fair trial, that it should be held in proper conditions and with him being given access to the people he needs to see, and that his defence counsel should be able to call the witnesses they want to call. At the moment, those witnesses have not been called—that is being denied by the court—but all the prosecution witnesses have been allowed to be called by the prosecution.

6.38 pm

Mr Edward Leigh (Gainsborough) (Con): Mr Speaker, welcome to the Chair. Because I believe in crawling to people in authority, may I wish you a very happy and merry Christmas and thank you for your delightful Christmas card?

This is a wonderfully eclectic debate—from ponds in Devon to dictators in the Congo getting 99.8% of the vote. I want to deal, like my hon. Friend the Member for Cleethorpes (Martin Vickers), with local issues that relate to Lincolnshire. He mentioned the extraordinary railway line that connects our two constituencies, and there are only three trains a week, which all run on Saturdays. However, there is a much more important railway line that runs from Grimsby and Cleethorpes down through Market Rasen, in my constituency, to Lincoln and then on to London. We used to have a direct service and my hon. Friend referred to resurrecting this vitally important service; but I say to him that we want it to go through Market Rasen and Lincoln, and not through Doncaster. I am sure he will be agreeable to that, and I expect the Minister to make a commitment to that effect when he winds up this debate.

What I really want to talk about in the remaining two minutes or so of my speech is an important project in Gainsborough that is in danger of closure but must not be closed. This is about the big society, which the Prime Minister was right to launch. He was right to change the emphasis from big government to families, individuals, neighbours and local people. In my constituency there is just such a big society project. It was founded in 2007 and is called YaSiG—Young and Safe in Gainsborough.

My hon. Friend the Member for Kingswood (Chris Skidmore) talked about the power of history and the importance of history teaching, but many people fall out of our school system and YaSiG provides for them. It provides for people between the ages of 13 and 24 who have fallen out of education and it co-ordinates a number of facilities for young people. It gives them a safe place to meet and socialise. It runs, among other things, a very successful motorcycle maintenance course, which I have visited, operating outside the classroom and providing just the sort of training opportunities that many young people need. YaSiG covers subjects as varied as sports, catering and horticulture. It emphasises building social skills, and it improves confidence and the ability to work with older people. There is no doubt that this project, which operates in one of the most deprived wards in England, Gainsborough South West, is already making a big difference.

The project was set up with money from the previous Government, under the community asset transfer programme, but it was not thought through. There were adequate funds for the capital injection but not for revenue maintenance, and the project simply cannot be sustained now. I urgently call—this should happen over the next 24 hours—on Lincolnshire county council, West Lindsey district council and the Government to co-ordinate their efforts to save this vital project. At the very least, West Lindsey district council should give the freehold to YaSiG, so that it can borrow against it, and should waive its indemnity of £45,000. If we really do believe in projects that further the big society and provide for the most deprived people in our community, we cannot let them go out of business. We should co-ordinate efforts to save them and to help our young people in the future.

Several hon. Members *rose—*

Mr Speaker: I call Mr Mel Stride.

6.42 pm

Mel Stride (Central Devon) (Con): Thank you, Mr Speaker, and a very happy Christmas to you.

I rise to speak on the subject of speaking—on the way in which we organise debates in this House. I have some simple but radical ideas which, if implemented, would improve the efficiency of Members and the quality of debate in this Chamber. Vitally, they would also increase the level of communication that this House has with the wider public and, in particular, with the young people we are so importantly trying to reach nowadays.

If we put in to speak in a debate such as this, we write, quite rightly, to the Speaker. The Speaker and his assistants then put together a list, we appear in a certain order on it and that information is held fairly tightly to the Chair. We may become privy to it as the debate progresses, but it is not widely disseminated in the Chamber or in the Palace of Westminster, or to the wider general public. There would be a huge advantage to us all if we were to publish that information—the order in which people were due to speak and roughly when they would be expected to speak—and it was on electronic boards in the Chamber, on the annunciators around the Palace of Westminster, on the internet, and if we allowed it to go out on apps on telephones, mobile devices and so on. Members of the public would, thus, know, for example, that the hon. Member for Central Devon was going to speak in approximately 30 minutes' time and so would be able to tune into the Parliament channel to see his brilliant performance.

Such an approach would meet a number of important objectives. First, it would mean that Members would know roughly when they were due to speak in a debate, which would allow them to plan a little more thoroughly. Secondly, it would raise the quality of debate, because Members in the rest of the Palace of Westminster could come into the Chamber at a particular moment knowing that somebody was about to speak and they could then intervene on them, and because somebody speaking in the Chamber would know which Members were likely to speak subsequently, they could therefore invite them to comment, or otherwise, on something that they were saying.

The most useful part of such an approach would be that it would engage those outside this Chamber, as the public would be able to establish exactly when a particular Member was due to speak. We all have constituents who will often say to us, "I always watch the Parliament channel and sometimes I see you, sometimes I do not. I would love to know when you are actually speaking." My proposal would be a method by which they could do that.

It would be particularly appropriate and effective for younger people, who could use an app on their telephone. My telephone, for example, has an app that can tell me when any bus in London is about to reach any particular stop, as it uses real-time information, and there is no reason why the information on when Members of Parliament are due to speak should not similarly be made available. I believe that that could engage young people, who could receive that information and, by tapping an app, could actually see us speaking in this Chamber.

I believe, quite rightly, that this is a highly impressive, wonderful and venerable institution. It is the mother of all Parliaments, but I believe that if we are to move with the times and keep that important link between ourselves and the general public—the electorate of all ages—we should make such a change. For those who fear change, I suggest that we could take a gradualist approach, introducing it bit by it. It could be experimental, in that we could try it for a short time and then reassess it. Of course, we could maintain some of our rules about being present for the opening speeches, the wind-ups and so on.

With that message, Mr Speaker, I wish you a happy Christmas and thank you for this opportunity to speak.

6.46 pm

Bob Blackman (Harrow East) (Con): At this time of year, it is appropriate that we should pay due tribute to our excellent emergency services: our doctors, nurses, ambulance crews, paramedics, firefighters and, of course, our wonderful police. They do a magnificent job, keeping us safe in our homes and healthy. When many of us are enjoying ourselves, they will be working, as they do 365 days a year. It is right that we should pay tribute to those excellent people.

I also want to place on the record the actions of the four brave police officers who laid their lives on the line just a month ago when they were stabbed. They were Harrow police officers, but were operating in the neighbouring constituency. They are now at home, recovering with their families, and I am sure I speak on behalf of the whole House when I say that our thoughts are with them and their families, wishing them a speedy recovery and a return to active duty as soon as they can do so.

I also, however, want to refer briefly to some reforms that are possible within the police service. The four police officers who were stabbed were wearing the official uniforms given to them by the police service as well as stab-proof vests. Despite that, they were stabbed, so it is appropriate that the police service should review the quality of the equipment issued to our police so that they are not placed in danger.

We could also improve the procurement policies pursued in the police service. The Government estimate that £300 million a year can be saved through more positive procurement. Let me give one or two examples of where I think it is going completely wrong at the moment. In the Metropolitan police, for example, if someone's computer goes wrong and they call out an engineer, the call-out charge is £200. Equally, the maintenance for a single printer is £85 a year. Of course, for £85 a printer can be bought to replace it in a local shop rather than maintaining those they already have. It is a shocking fact that, in our police stations across the capital, if someone's light bulb goes out of action they have to call someone else and the cost of getting that light bulb replaced is £200. Members of the police service could, quite simply, replace them themselves, but they are not allowed to. It is complete and utter nonsense.

I also think we need to consider reviewing the Police and Criminal Evidence Act 1984. At the moment, our police are forced to handwrite statements and police community support officers are not allowed to take witness statements from members of the public. Clearly, at a time when we can use technology, it is appropriate that we should do so. Our police officers have to keep multiple forms, most of which are not used at all. Custom and practice has built up, however, that that data should be collected and brought to police stations, where nothing seems to happen to it.

I also want to raise the issue of ethnic monitoring. It is absolutely crucial that we monitor our services to make sure that we provide them appropriately, but it is nonsensical that when someone is arrested, they and the police officer arresting them get the right to say to which ethnic minority the person arrested belongs. That does not seem very sensible. As we build up to the Olympics, the police are still suffering from the overload resulting from the riots last summer; there have been 12-hour shifts and all holiday was cancelled, and the pressure on the police is growing.

Mr Speaker, I end by wishing you, all Members of the House and everyone associated with Parliament a happy Christmas, a happy Hanukkah, and a peaceful, prosperous and healthy new year.

6.50 pm

The Parliamentary Secretary, Office of the Leader of the House of Commons (Mr David Heath): The hon. Member for West Worcestershire (Harriett Baldwin) said that this was an eclectic debate; "eclectic" does not begin to describe the task that lies ahead of me as I try to respond, in the next 10 minutes, to hon. Members who have spoken. As she has so many times raised the issue on which she spoke, and has not been given satisfaction from the Dispatch Box, I will deal with her

[Mr David Heath]

point first and give her the statement that I think she was hoping for; the Parliamentary Secretary, Cabinet Office, my hon. Friend the Member for Forest of Dean (Mr Harper), would perhaps have given it earlier, if he had had the opportunity. The commission on the West Lothian question will start work in February 2012, and will report by the end of the Session in spring 2013. My hon. Friend will make a further statement on the commission in the new year.

A spate of points were raised about foreign affairs. The right hon. Member for Rotherham (Mr MacShane), the hon. Member for Manchester Central (Tony Lloyd), and my hon. Friend the Member for Colchester (Bob Russell) talked about various aspects of world affairs relating to what we loosely group together as the middle east, the Sahel and the Maghreb, as if that were all an amorphous mass, which it clearly is not. There are many countries there with different issues. In particular, my hon. Friend the Member for Colchester raised the issues in Israel to do with the Bedouin in the south Negev desert. What brings those issues together, as far as the British Government's position is concerned, is our commitment to human rights and developing democracy, and our wish to extend friendship, particularly to the new Governments forming in those areas, and to help them in any way that we can to achieve those objectives. Where they stray from those objectives, we might perhaps constructively point out that there are better ways of doing business. The hon. Member for Manchester Central raised the issue of Bahrain; it is very good that the King of Bahrain has appointed a commission to look into the issues, but the test is what happens to the response. Those matters were well worth raising.

The hon. Member for Falkirk (Eric Joyce), who I do not think is in the Chamber at the moment, talked about the Democratic Republic of the Congo—a long-term interest of his—and expressed concerns about the elections there. The good news from the Democratic Republic of the Congo is that there were elections, they were largely peaceful and there was a high turnout, but clearly there were problems, which were identified by a number of observers. Those are matters that the Government of the Democratic Republic of the Congo need to look at.

The right hon. Member for Cynon Valley (Ann Clwyd) talked about the case of Bradley Manning, which is before the American courts; it is right for us to express concern and state that he should have a fair and open trial in the United States on the matters on which he was arraigned.

The hon. Member for Kingswood (Chris Skidmore) talked about teaching history—a subject that I raised in Adjournment debates when I was in opposition, because it is desperately important for our young people to be given a sense of history—not just national and world history but local history, so that they have a sense of identity and of the place where they live. That is a matter that my right hon. and hon. Friends in the Department for Education are looking at in the context of the curriculum review. The hon. Member for Kingswood made his point extremely well.

The hon. Member for Central Devon (Mel Stride) spoke about how we conduct our business in the House. It is not for me to respond to that. Perhaps it is for Mr Speaker to respond, or the Procedure Committee, but the points that the hon. Gentleman raised were sensible suggestions that ought to be considered.

Many hon. Members talked about local issues in their area. I have a great deal of fellow feeling for some of them. The hon. Member for Suffolk Coastal (Dr Coffey) talked about fuel poverty, a matter with which, as she rightly said, I have engaged myself over the years, particularly the difficulties of people in rural areas who often do not have access to mains gas, are reliant on fuel oil or LPG and find themselves in considerable difficulties because of the increasing costs. The Government are very aware of that.

The hon. Member for Keighley (Kris Hopkins) pointed out some successes in his constituency, in both schools and hospitals, and said something very important in support of the public sector. It is important that from the Dispatch Box we say how much we appreciate what people in the public sector do. The role that they play in society is an extremely positive contribution. I am very pleased about the successful resolution of those discussions that my right hon. Friend the Chief Secretary to the Treasury announced in his statement earlier today.

The hon. Member for Filton and Bradley Stoke (Jack Lopresti) spoke about two things. The first was high-speed broadband in his area, which he is right to say is crucial. That is why the Government are engaged in the programme, and why the Under-Secretary of State for Culture, Olympics, Media and Sport, my hon. Friend the Member for Wantage (Mr Vaizey) has insisted that local authorities have a draft local broadband plan by the end of February, and have it agreed by the end of April, in order to secure matched funding. I hope the hon. Gentleman will now be able to make significant progress. Secondly, he spoke about antisocial behaviour, and was able to report progress in his area. As a former chair of the Avon and Somerset police authority, I am particularly pleased, as we share a police authority area, that Chief Constable Colin Port has been in contact and has taken such a supportive view.

The hon. Member for Tiverton and Honiton (Neil Parish) was guaranteed my full attention when he talked about flooding in the village of Feniton, with which he knows I am more than familiar—not with the village, but with the concept of flooding in my constituency. He went on to talk about quarrying. My constituency is the most densely populated quarrying area in the whole country. The points he raised about the aggregates sustainability fund would be echoed by many communities in my constituency.

The hon. Member for Sittingbourne and Sheppey (Gordon Henderson) has, I hope, guaranteed that he will be mentioned in the *Sittingbourne News Extra* editorial next week. From his contributions to these debates, I feel that I know an awful lot more about Sittingbourne and Sheppey than I did a year or two ago.

The hon. Member for Cleethorpes (Martin Vickers) said that he has an airport, he has docks, he has 10 stations, and then had the temerity to expect trains to stop at his stations. He wanted the roads, including the A160, to be improved, and he also spoke about Humber bridge tolls. I think that his views were compatible with those of the hon. Member for Gainsborough (Mr Leigh), who also spoke about roads. I think they have neighbouring constituencies, so it is good that they are working together. The hon. Member for Gainsborough

also mentioned Young and Safe in Gainsborough, an organisation he obviously believes does very good work. We must hope that it survives its current difficulties.

The hon. Member for Rugby (Mark Pawsey) clearly has an exceedingly good company in his constituency, but spoke about the 4 metre height limit that has been proposed by the Commission. The Government agree that the 4 metre height limit is inappropriate and continue to press the Commission not to implement it. The hon. Member for Stroud (Neil Carmichael) talked about the importance of manufacturing in his constituency and he is absolutely right. He also spoke about the importance of apprenticeships. I am very pleased that we have had 442,700 new apprenticeship starts in the past year, compared with 279,700 the previous year. That is a real commitment to young people getting the skills that they need.

The hon. Member for Portsmouth North (Penny Mordaunt) talked about Portsmouth football club. As a former rugby player, I have to say that I am not a great expert on football, but she demonstrated the difficulty that the football authorities face in implementing the owners and directors test, which is a self-certification test based on a series of objective criteria, rather than a subjective test of individuals.

The hon. Member for Harrow East (Bob Blackman) talked about efficiencies in the police service, and clearly improvements can still be made in modernising the police service. The hon. Member for Southend West (Mr Amess) included everything in his contribution, as he always does. He is a regular on these occasions and gave a superb performance.

I wish you, Mr Speaker, and all Officers and Members of the House a very happy Christmas. In particular, I wish to put on the record our appreciation of Eddie McKay, who was appointed to the House in January 1988 and is retiring this Christmas. We wish him every success and happiness in his retirement.

Mr Speaker: I thank the Deputy Leader of the House and reciprocate his good wishes.

7 pm

Motion lapsed (Standing Order No. 9(3), and Order, 1 November).

PETITION

Planning (Woodside Close, Walsall)

7 pm

Valerie Vaz (Walsall South) (Lab): The petition is from the residents of Woodside Close, Walsall and others. It has been signed by 263 people.

The petition

Declares that the Petitioners object to the proposed redevelopment at 1 Woodside Close, Walsall WS5 3LU, planning reference 11/1217/FL, involving the demolition of existing buildings and construction of 14 two bedroom apartments, on the grounds that the Petitioners believe that the redevelopment is an overdevelopment, incorporating a third storey in the roof, out of character with the area, and that the development is in an unsustainable location, with insufficient parking together with parking on the frontage, as shown on the plans, along with inadequate amenity space.

The Petitioners therefore request that the House of Commons urges the Government to take all possible steps to encourage Walsall Metropolitan Borough Council to consider the objections of the local residents.

And the Petitioners remain, etc. [P000993]

Abduction of Lydia Hunt

Motion made, and Question proposed, That this House do now adjourn.—*(Bill Wiggin.)*

7.1 pm

Stephen Timms (East Ham) (Lab): I am grateful to you, Mr Speaker, for granting this, the final debate of the calendar year. Lydia Hunt is the first child of my constituent Jonathan Hunt and his wife Irma Obregon Guerrero. Lydia was born in June 2006. At Easter 2008, shortly before Lydia's second birthday, the family travelled to Mrs Hunt's native Mexico for a holiday with her family. Mr Hunt returned to the UK in May for work commitments, and the plan was that his wife and Lydia would follow a couple of weeks later. Some time later, Mrs Hunt called her husband to tell him that there would be a delay. She first said that she was unwell and then that her father was entering a land deal and that she needed to sign some papers in connection with it. She noted that the slow-moving legal system in Mexico meant that she would have to stay for at least a month.

The plan was that Mrs Hunt and Lydia would accompany Mrs Hunt's parents to the UK in August, where they intended to spend a holiday, but on 16 August 2008, at 1 o'clock in the morning, Mr Hunt received a call from his wife to inform him that they would not be coming and that she did not intend to return at all but instead planned to remain in Mexico with Lydia. To date, Lydia remains in Mexico with Mrs Hunt. Their whereabouts are officially unknown. An arrest warrant for Mrs Hunt was applied for some time ago and finally confirmed in July this year after numerous appeals and delays, but it has not been acted on. When asked for a reason, the Mexican authorities say that they are still investigating.

Mexico is a signatory to The Hague convention on the civil aspects of international child abduction of 1980. This requires the determination of abduction cases involving minors within six weeks from the date of commencement of proceedings. I want to take this opportunity to thank the Minister, who is in his place on the Government Front Bench, for the personal interest that he has taken in the case. He has raised it on a number of occasions with his Mexican counterpart, and I know that the Foreign Secretary also discussed Lydia's abduction with the Mexican Foreign Minister on a recent visit to the UK. I am very grateful for those interventions, but Lydia has not been returned and Mexico has still not met its legal obligations. This evening, I should like to press the Minister on the further specific actions that the UK Government can take to secure her return.

I am keen to underline two points: first, the length of time it has taken for Mr Hunt's case to be dealt with—three years and counting; and, secondly, the wider issue of the non-compliance of a signatory to an international treaty. On the first point, let me set out a little more detail on the case.

Under The Hague convention, when a child has been removed abroad from its habitual residence, they have first to be returned to the country of habitual residence for the courts in that country to start determining custody. That is the basis on which the convention works. Three days after Mr Hunt's wife made her bombshell telephone call announcing that she was not coming back—that is, on 19 August 2008—Mr Hunt filed a convention request for the Mexican authorities to return Lydia. Before that date, Mr Hunt knew nothing at all about The Hague convention, which requires that such requests be complied with within six weeks—that is, in this case, by the end of September 2008. In fact, more than three years later, it has still not been complied with.

Lydia was made a ward of the High Court in London in January 2009, so any major decision about her has to be made by the High Court. After a delay of almost a year, the Mexican court issued a return order for Lydia in December 2009 with immediate effect, and that judgment correctly followed the terms of The Hague convention.

In the following March—that is, March last year—Mr Hunt's wife filed for an amparo, a Mexican legal procedure that is intended, I understand, to protect the constitutional rights of a Mexican citizen. It appears in practice—at least in this case—to give almost unlimited scope for frustrating the execution of international law. As a result of the amparo, The Hague order and the arrest warrant for Mrs Hunt were both suspended.

In May this year, an amparo hearing was held. The judge ordered that the original notice was not executed according to local domestic law, and that the entire process should start again. Mr Hunt was advised at the time by his very experienced lawyers in Mexico that that conclusion was wrong. It certainly was not consistent with international law, and his advisers pointed out that the judge, in his ruling, did not refer at all to The Hague convention and overlooked several aspects of amparo legislation as well.

On 11 August this year, Mr Hunt's lawyers submitted an appeal to the federal court. The appeal panel of three federal judges in San Luis Potosi upheld Mrs Hunt's amparo on 11 November on the grounds that she was not notified of the return order made by the first family judge under the terms of The Hague convention 1980. Of course, she was in fact well aware of the order: she had been engaged in challenging the initial judgement, and she would not have been in a position to do so if she had been unaware of the order.

Mr Hunt has now been told that a new Hague hearing will be scheduled for 26 March next year in San Luis Potosi. He is understandably worried that, although a date has been set, there is nothing to stop his wife from once again embarking on a series of amparos and appeals, as the previous three years of litigation have been rendered null and void by the court's decision. If legal proceedings were to stall again, there would be an argument that Lydia was by now settled in Mexico and any enforced return would be detrimental to her welfare.

It may be appropriate that the amparo process gives rise to limited delays, but in this case the process has continued for more than three years, and it is now set to last even longer, even though it clearly makes a nonsense of Mexico's obligations under The Hague convention.

Jeremy Corbyn (Islington North) (Lab): As chair of the all-party Mexico group, I am pleased to support what my right hon. Friend is doing and compliment him on the huge amount of work that he has done—and, indeed, the Foreign Office on the pressure that it has applied in the case of the Mexican Government. He and I are due to meet the ambassador in January, when we will obviously press the ambassador to insist that Mexico adhere to all its obligations under The Hague convention.

My right hon. Friend is making a most serious point—that a further delay in the amparo at San Luis Potosi in March will mean that it could be argued that this child is a normal resident of Mexico. That is the danger. This is, bluntly, a case of abduction. We look to our friends in the Mexican Government and Mexican judiciary to adhere to international conventions and law and to allow this child to be returned to this country. She is, after all, a British national.

Stephen Timms: I am extremely grateful to my hon. Friend for the support that he has given in this case. I very much look forward to the meeting with the ambassador in January. The fact that that meeting has been put in the diary is in no small part thanks to my hon. Friend's intervention. He is absolutely right, of course.

The heart of this debate is Lydia's welfare and well-being. She was two when she was abducted. I have no idea what she has been told about the whereabouts of her father or about what became of her former home in the UK. She has had no contact at all with her father for more than three years. There has been no effort to enable her to meet, or even to speak, to her father throughout the whole of that period. The preamble to The Hague convention states that signatories should be

"firmly convinced that the interests of children are of paramount importance in matters relating to their custody desiring to protect children internationally from the harmful effects of their wrongful removal or retention and to establish procedures to ensure their prompt return to the State of their habitual residence as well as to secure protection for rights of access".

Signatories to the convention are required to consider the interests and the welfare of an abducted child as being of paramount importance. That has clearly not happened in this particular case.

One consolation to my constituent would have been if a welfare check ordered by the British Embassy had been carried out. That check has not been carried out because of a number of difficulties in trying to do so, and despite an intervention on the part of Bob Geldof. My constituent has not only not had the chance to see or to speak to Lydia in the past three years, but has not even been able to establish whether she is safe and well.

Mr Hunt's hopes were raised when his wife failed to "ampere" a criminal charge, which meant that an arrest warrant could finally be executed. That would have allowed the police to locate her and require her, by the terms of bail, to give an address where she lives with her daughter. Unfortunately, the warrant has still not been executed. The whereabouts in Mexico of Mrs Hunt's family are known to the police. The family well knows where she and Lydia are; and the police could, if they chose, quite readily find out from the family where she and Lydia are. It seems highly unlikely that they do not know where she is, but the warrant, for whatever reason, has not been implemented.

Obviously, the British Government cannot interfere directly with the legal processes of another country. However, the fact is that despite Mexico's having signed The Hague convention, Lydia has yet to be returned. The website of The Hague Conference on Private International Law describes the convention as

"a multilateral treaty, which seeks to protect children from the harmful effects of abduction and retention across international boundaries by providing a procedure to bring about their prompt return".

The convention has clearly been flouted in this particular case. Many abduction cases are resolved promptly, but some cases, such as this one, are held up because countries refuse to comply with the terms of The Hague convention, even though, like Mexico, they have signed it. A flagrantly non-compliant country can still press other treaty partners to fulfil their obligations and return children who have been abducted from their own country.

A disappointing aspect of my involvement in this case is that it has not yet been possible for me to meet the Mexican ambassador. I am extremely grateful to my hon. Friend the Member for Islington North (Jeremy Corbyn) for his intervention. I am pleased, as he said, that we now have an appointment with the ambassador in January.

Child abduction is becoming more common. Reunite International child abduction centre, which has been working with Mr Hunt over the past three years, tells me that until September this year, the number of abduction cases reported to its advice line was up by 46% compared with the same period last year. The number of prevention cases went up by 35% in the same period. The problem of non-compliance will be suffered by many other parents in the future—parents who, like Mr Hunt, have had their children abducted to countries that signed The Hague convention only to find it time-consuming and expensive to pursue a return, as has Mr Hunt. My constituent has so far spent more than £80,000, mainly in legal costs, in attempting to secure his daughter's safe return. It could well be that he will have to find a similar sum again, given that it appears that we are back at square one as a result of the most recent court decision.

I noted recently that a Republican Congressman in the United States, Chris Smith, the long-serving representative for Robbinsville, New Jersey, has sponsored a Bill on this topic. The International Child Abduction Prevention and Return Bill proposes the establishment of an office on international child abduction, which would report regularly on progress in individual cases and on the compliance of countries with their obligations under The Hague convention. The Bill would vest powers in the President, allowing him to impose specific sanctions to increase pressure to end cases of non-co-operation. Perhaps we should consider something similar in the UK. That initiative in the United States Congress underlines that, as a signatory to The Hague convention, the UK is not alone in struggling to ensure that non-compliant nations meet their treaty obligations.

I will finally pose three questions to the Minister. First, what assistance can the British embassy provide to the Mexican authorities in their search for Mrs Hunt? I know that a letter was sent by the attorney-general in San Luis Potosi to the attorney-general in Mexico City asking that he instruct the police, who are under his jurisdiction, to locate Mrs Hunt and arrest her. That would, in turn, allow the British embassy to conduct the long-awaited welfare check on Lydia. Mrs Hunt must be obliged to give recognised contact details, which would enable the process of returning Lydia under the terms of The Hague convention to get under way.

Secondly, can the Minister assure me that he will continue to raise this case with the Mexican authorities, as he has on a number of occasions, and to impress on them the importance of meeting the obligations that they have signed up to under The Hague convention, which they are not currently fulfilling? I was pleased to

[Stephen Timms]

learn that Lord Justice Thorpe, who leads on these matters for the UK judiciary, has offered his assistance to the Mexican authorities in complying with their obligations under The Hague convention, and that he plans to raise this case in The Hague next month at a meeting convened for the purpose.

Finally, what steps can be taken against countries, such as Mexico, that are non-compliant in this way? It is clearly not right for a treaty partner not to fulfil its obligations as set out in an international treaty that it has signed freely, and which it will be able to take advantage of when it wishes to do so. What recourse is available when a signatory to an international treaty—this one or others—does not fulfil its obligations under that treaty? What specific action can the UK Government take to address Mexico's non-compliance in this particular case?

7.19 pm

The Minister of State, Foreign and Commonwealth Office (Mr Jeremy Browne): It is a pleasure to serve under your chairmanship for the final debate of 2011, Mr Speaker. I congratulate the right hon. Member for East Ham (Stephen Timms) on securing it, and I hope that my response will satisfy him on at least some of the questions he asked. He has pursued the case extremely diligently over an extended period, and of course he is always welcome to get in contact with the Foreign Office. I am very pleased that he and the hon. Member for Islington North (Jeremy Corbyn) have secured a meeting with the Mexican ambassador next month.

I am grateful to the right hon. Member for East Ham for raising the case of Lydia Hunt, who, as he said, was abducted by her mother and taken to Mexico in 2008. He has provided considerable support to Mr Hunt, and I appreciate his efforts to achieve progress for Mr Hunt in such difficult circumstances. As he is aware, I have personally followed Mr Hunt's case with considerable interest and have every sympathy with him in his sad and difficult situation.

Before I comment specifically on the case of Lydia Hunt, I should like to provide a brief background to the wider issue of international parental child abduction. Unfortunately, there has been a considerable rise in reported cases over the past few years. The figure I have is that last year alone the Foreign Office's child abduction section dealt with 643 active cases and saw a 10% increase in new cases on the previous year. I sympathise greatly with parents who face difficulties in working through unfamiliar systems, cultures and languages.

The British Government therefore strongly encourage other countries to sign The Hague convention. We regularly lobby on the issue at ministerial level and consider the convention to be the most effective route to return children abducted from their usual place of residence. In general, cases of child abduction are more likely to be resolved promptly when they occur between countries that operate the convention.

I can understand the immense frustration and distress that Mr Hunt must feel at still having no resolution to his case, despite his having submitted a Hague convention application for Lydia's return in 2008. That might seem inconsistent with Mexico's signing an agreed international framework for the prompt return of abducted children, but it is worth bringing to the House's attention the fact that The Hague convention provides for a country to operate it within the guidelines of its own domestic legislation. How the convention is applied varies from country to country, and in Mexico it is not uncommon for the legal process to be lengthy, perhaps lengthier even than we are used to here in Britain.

I am grateful to the right hon. Gentleman for his acknowledgment that as Mexico is a sovereign state the British Government cannot interfere in its legal system, just as we would not expect the Mexican authorities to interfere in courts in this country.

Jeremy Corbyn: Mexico is obviously a signatory to The Hague convention, and it is up to the federal Government of Mexico to adhere to it. From the points that the Minister and my right hon. Friend the Member for East Ham (Stephen Timms) have made, it appears that the Government are hiding behind the state laws in San Luis Potosi as a way of avoiding implementing the arrest warrant, which is what the convention requires of Mexico.

Mr Browne: We expect signatories to The Hague convention to operate within it, but we accept that it permits a degree of flexibility because different countries apply the law in different ways. That does not exempt them from their obligations, and we continue to make that point to the Mexican authorities.

In answer to one of the right hon. Member for East Ham's questions, I can tell him that the British Government participate fully in meetings to review and enhance the operation of the 1980 Hague convention organised by The Hague Conference on Private International Law. I am pleased that he is in contact with my noble Friend Lord McNally, the Minister of State for Justice, who takes a direct interest in the process.

I turn to the specific case before us. I was very saddened to hear that Mr Hunt did not secure the result that he was hoping for when Lydia's mother's amparo was upheld in November. I was, however, pleased to hear that he has been given a date for a new Hague hearing in March 2012. I know that he will have concerns about the process, given the lengthy proceedings that he has already faced, so I encourage him to work with his lawyer to mitigate those concerns through the appropriate channels.

As well as the legal process, Mr Hunt is anxious for news of his daughter's well-being. I can only imagine his worry and frustration at having no contact with Lydia for so long. This aspect of the case has been a priority for the FCO. We would like to be able to reassure Mr Hunt by conducting a consular visit to check on Lydia's well-being, but, as the right hon. Gentleman is aware, we require the permission of Lydia's mother to do so. We have persistently and regularly requested consular access to Lydia, but to date we have not received her mother's permission. The UK Government have no enforcement powers in Mexico to force Lydia's mother to allow us to see Lydia. Further, as we all sadly know, we do not yet have any indication of Lydia's whereabouts. We will of course act on any new information related to Lydia's whereabouts to continue to seek consular access to her, and this may be a point that the right hon. Gentleman could raise with the Mexican ambassador directly when he meets him next month.

We have discussed with Mr Hunt the arrest warrant for Lydia's mother. I share his hope that the execution of the warrant will subsequently assist with locating Lydia. Our consular staff will continue to request updates from the Mexican authorities on the progress of this aspect of the case. Beyond this, we cannot involve ourselves in criminal proceedings and cannot assist in the search for Lydia's mother, which is the responsibility of the Mexican authorities.

I am grateful for this opportunity to reassure Mr Hunt that we have done and will continue to do all that we can to support him and his daughter. We very much hope our extensive efforts will contribute to a positive outcome for him, but we are limited in the scope of our powers as we are operating in the jurisdiction of another sovereign country. We have provided Mr Hunt with consular assistance at every possible juncture and in every way we properly can, in line with our consular policy. The Mexican authorities are acutely aware of the case and I am satisfied that they are handling it in line with their judicial process. I am also confident that they will inform us as soon as they have any news. Britain has a strong bilateral relationship with Mexico and I hope that relationship will have a positive influence on the outcome of this case. It would be harder if we were dealing with a country with which Britain has difficult diplomatic relationships, but it is hard enough as it is, with a friendly country.

We have worked closely with the Mexican authorities successfully to return children to the UK this year under the convention. I would like to take this opportunity to express my gratitude for the way the Mexican authorities have acted swiftly upon the conclusion of the judicial process to resolve such complicated cases with a great deal of sensitivity and professionalism, and my hope is that the same will apply in this case.

Mr Hunt's case, however, remains unresolved. I recognise the distress he must be feeling after more than three years of separation from his daughter. I hope it is clear that we continue to treat Mr Hunt's case as a priority and are working to get a resolution. I have met the right hon. Gentleman and Mr Hunt to discuss the case, and I have spoken to or written to the Mexican Foreign Minister, Deputy Foreign Minister or Federal Attorney General about Mr Hunt's case on eight separate occasions since July 2010. As the right hon. Gentleman is aware, the Foreign Secretary also raised it directly with his Mexican counterpart in June this year. Furthermore, our consular officials and ambassador continue to do all they can to raise Mr Hunt's case with their Mexican counterparts. It was apparent during my visit to Mexico in October this year that our representations have ensured a high level of awareness of Mr Hunt's case and our concerns. When I raised the case with Ministers, they were aware of it just on the basis of Mr Hunt's name, even before I had the chance to go into any details.

Our efforts have not yet helped to produce the resolution Mr Hunt is looking for, but we will of course continue to raise his case where possible and appropriate. However, we should only do so if it is likely to help to resolve Mr Hunt's case. I am therefore keen for us to remain in close contact with Mr Hunt's lawyer and be guided by her on when any efforts by our consular staff and ambassador to engage with the Mexican authorities would be most effective for the case. Our ambition is a successful resolution; we have no other ambitions beyond that in this case.

In closing, I would like to thank the right hon. Gentleman again for raising this difficult case and to recognise the diligence with which he has pursued it on behalf of his constituent. I can assure him that we will continue to do all that we properly can to support Mr Hunt. However, I would remind the right hon. Gentleman that, in essence, this is a legal matter in Mexico, although I sincerely hope that Mr Hunt receives some positive news soon. Being out of contact with one's child must cause unimaginable stress. I strongly support Mr Hunt in his case and in any legitimate course of action that he feels will help him to be reunited with his daughter.

On that note—that sad note, I am afraid—let me say that it is a privilege for me to finish the proceedings in the House of Commons this year. I wish you, Mr Speaker, and all your staff a happy Christmas.

Mr Speaker: Those good wishes are reciprocated, and I thank the Minister of State.

Question put and agreed to.

7.30 pm

House adjourned.

Westminster Hall

Tuesday 6 December 2011

[JIM DOBBIN *in the Chair*]

Sport and Youth Crime

Motion made, and Question proposed, That the sitting be now adjourned.—*(Nick Herbert.)*

9.30 am

Damian Collins (Folkestone and Hythe) (Con): It is a pleasure to serve under your chairmanship, Mr Dobbin. Today's debate on the effects of sport on youth crime falls, in some ways, in the shadow of last summer's riots, and from his appearance yesterday on "Newsnight", I know that the Minister for Policing and Criminal Justice is up to speed with the subject. This debate is set against a longer-term concern about the rising problem of disengaged youth, which has disturbed Governments of all persuasions for decades, and a belief by many in the sporting community that sport can and does play a positive role in re-engaging young people and refocusing their lives.

Nelson Mandela has said:

"Sport has the power to change the world. It has the power to inspire... It speaks to youth in a language they understand. It is more powerful than governments in breaking down social barriers",

and I want to use this debate not just to say that sport is good for its own sake, although many people believe that numerous benefits come with it. Studies of the benefits of youth participation in sport suggest that sport in and of itself is not enough to refocus or turn around the lives of disadvantaged young people and that what is required is a structured programme of support alongside the sporting activities. It is not simply a case of putting on ad hoc sporting events or creating new sporting facilities, but about how programmes are managed.

This is not simply a way of saying that Government intervention is necessarily a bad thing, or that Government agencies and public bodies are unable to deliver programmes that successfully intervene in young people's lives. Support, including financial support, from the Government and their agencies is incredibly important to the success of such projects, but a good deal of new evidence suggests that sporting organisations and brands that have credibility in the eyes and lives of young people are often more successful in achieving the breakthrough that we all seek.

There has been a debate among people with an interest in sporting interventions in the lives of young people. People instinctively feel that such interventions are the right thing to do, and they have anecdotal evidence that they make a positive difference, but if there is any criticism, it is that there is perhaps a lack of robust data about exactly how they reduce criminal behaviour. I want to highlight some case studies that show the positive impact of such interventions on reducing crime and on antisocial behaviour and in improving the general well-being and educational performance of young people. The studies, of necessity in some ways, focus on relatively small numbers of people in relatively small geographical areas, and I would like the Government to consider some broader research that would seek to demonstrate the value for money and the performance of sporting interventions with young people.

I want to thank a number of sporting and other young people's organisations that run such programmes and have provided information about them for the debate today—in particular, the Premier League, with its Kickz programme; the Manchester United Foundation; Charlton Athletic Community Trust; the Rugby Football Union; Sky Sports; the Sport and Recreation Alliance; First Light, which works in the arts; and Catch22. Their formal programmes are largely delivered by volunteers from the communities that they serve, and so I also want to thank the many volunteers who make them a success and the hundreds and thousands of people who work every day to deliver youth sporting projects, not just for disadvantaged young people but for all young people across the country. Their work is incredibly valuable and important to us all.

I want to look at four important areas that are of relevance to the debate: sporting programme interventions that help to reduce crime and antisocial behaviour; interventions that engage young offenders, both in young offenders institutions and after release; programmes for improving school attendance and attainment; and initiatives that help to rebuild young people's self-worth.

We must consider costs; none of these programmes is delivered for free, although many are delivered with the support of the private and charitable sectors. We must also consider the costs of doing nothing, of maintaining the status quo. Based on 2010 figures, the National Audit Office has calculated that more than 200,000 criminal offences a year are committed by people aged between 10 and 17 at an annual cost to the country of up to £11 billion. It costs up to £100,000 a year to keep someone in a young offenders institution, and the number of 15 to 17-year-olds in prison has doubled over the past 10 years. During the five days of riots in August, 26% of the rioters were under 17, and 74% were under 24. There is not a male bias in the programmes and activities—they are open to boys and girls—but it is worth noting that 90% of the rioters were male.

First, on reducing crime and antisocial behaviour, one of the longest running and most successful projects is Kickz. It has been run by the Premier League for five years, has involved contact with more than 50,000 young people across 113 projects in some of the UK's most deprived areas and has been supported by 43 professional football clubs. Kickz targets 12 to 18-year-olds, and its projects are football-led but include other sports and programmes designed to encourage young people's awareness of health issues. The schemes typically take place three nights a week throughout the year, which is important in that they are frequent and have a very fixed structure. Kickz and the Premier League believe that one in 10 of the young people who initially attend the programmes as participants go on to volunteer, delivering the programmes for other young people, and they say that 398 people have gained full-time employment in some of the professional football clubs that have run the projects.

A report published last year by the Laureus Sport for Good Foundation and New Philanthropy Capital, entitled "Teenage Kicks", looked at a project run with Arsenal football club in Elthorne park in London and discovered

[Damian Collins]

that the investment in the project potentially created £7 of value for every £1 spent, with the savings coming from the reduced costs to the state of the reduction in criminal behaviour, with less police and court time needed to put people in detention. One participant said that he thought that 25% of the kids on the estate would be in jail without the programme, and he highlighted the nature of the problems that many young people face. He was someone who came home from school to find not a fridge full of food and people waiting for him, but nothing for him at all and an empty time in his day.

Interestingly, the Laureus Sport for Good Foundation also commissioned a report looking at the role of sport in gang culture. Young people involved in the research gave reasons why they might get involved in activities that would keep them out of trouble, and the top reason was that the activities would simply give them something to do. We should not underestimate the importance of that.

Returning to the study of the Elthorne park Kickz project delivered by Arsenal, it suggested that there had been a 66% reduction in youth crime within a one-mile radius of the project. Even taking into account other interventions—through community policing, for example—and after looking at national youth crime reduction trends for that period, the study's authors thought it reasonable to suggest that at least 20% of that reduction was directly related to the project.

The Manchester United Foundation has delivered similar projects, with its star footballers working with youth workers and volunteers to deliver football-based recreational projects for young people in Manchester. Some of its research suggests a similar pattern of behaviour to that found in other research. It believes that in its Salford project there was a 28.4% reduction in antisocial behaviour during the session times when the foundation was working, and a 16.3% reduction in Trafford.

There are other smaller projects that in some ways work with people with more challenging needs, and I want to highlight—this has been highlighted in the Laureus report and by other people—the work of the Tottenham boxing academy. Members who know more about boxing than I do might take part in this debate, so I will not dwell too much on this. The project was designed for 14 to 16-year-olds. Physical impact sports—boxing and rugby—seem to be particularly effective when working with people from troubled backgrounds and certainly with those who have been involved criminal activity. There were 17 people on that project. Eight of them were known to have been offenders in the past, and based on normal intervention programmes, two thirds of those young people would normally be expected to reoffend within a year. However, in that instance, only two did. It is a small project, but it suggests that sporting projects help to re-engage people. They engage young people through a sport and then allow the youth workers delivering the project to engage with them about the other issues that they might have.

Mark Field (Cities of London and Westminster) (Con): I congratulate my hon. Friend on securing this important debate. He has spoken a bit about curing those who have committed youth crime. Does he accept that prevention is also an issue with youngsters who might otherwise be attracted into criminality?

May I make a quick plug for the club that is probably nearest to where we are sitting now? About 300 yards away is St Andrew's club at Old Pye street. The club has been around for 130 years, runs 12 football teams on a weekly basis and has an indoor gym. It works well with Westminster school, which has put a lot of money into ensuring that the gym is up to the highest standards, and it makes an impact in the vicinity. St Andrew's club operates not too far away from what would otherwise be a quite troubled area of social housing.

Damian Collins: I thank my hon. Friend for his intervention. St Andrew's club is indeed a great success. I know that it has his support as well as that of previous lord mayors of Westminster, who have made it their annual mayoral charity. Its work is greatly appreciated by people in central London.

The project Hitz is delivered by the Rugby Football Union, the premiership rugby clubs and the police across 10 London boroughs, and has 750 participants. Again, the sessions are led by youth workers and run frequently, twice a week for 50 weeks of the year. In the Haggerston park area of Hackney, where the project was delivered, the fall in antisocial behaviour calls was calculated at 39% during the project.

Such projects often encourage people not just to take part in the project itself, but to take their interest into a more structured environment and perhaps into full-time participation in the sport. The Hackney Bulls rugby club recruited six new players from people involved in Hitz, and overall, the programme has taken 41 young people into full-time participation in rugby.

In my area, Kent, the Charlton Athletic Community Trust has done excellent work with young people over a number of years. Certain projects that have sought to re-engage young people and refocus their lives have caused similar falls in antisocial behaviour, including a fall of 35% in Aylesham and 59% in Buckland. The trust also does good work on alternative curriculum provision to re-engage young people with their studies, and I will come to that in a moment.

Good work can be done in the community to help direct young people away from the path of criminality, as my hon. Friend highlighted. There is also some evidence on work being done to engage young people in the prison environment, often at low cost, as many prisons and young offender institutions have good sporting facilities, and it is a question of bringing in the right people to engage young offenders. Those programmes use sport to help bridge the gap between life inside an institution to life outside it afterwards.

A project called 2nd Chance has worked in the Ashfield young offenders institution. Drawing on professional sports clubs around Bristol, such as Bristol Rovers and Bristol rugby club, it has worked with 400 offenders a year and is a low-cost provision. It has been calculated that, if just one offender with whom the programme works is kept out of prison, that will pay for the delivery of the entire programme for a year. When we consider that the current reoffending rate for young offenders in Ashfield is 76%, it seems a risk worth taking.

As part of the study of its work, 2nd Chance has asked that it and groups like it have access to information about reoffending rates for people who have engaged in such programmes, to demonstrate whether they offer a value for money return. At the moment, it is difficult for those groups to access that information, as all sorts of data protection issues rightly surround information that can be traced to individual offenders. However, could general information be given to make that link and demonstrate the payback of such projects? The project within Ashfield was delivered for less than £80,000 in a year of operation and worked with more than 400 young people.

The Rugby Football Union has a programme called Try for Life that has worked with young offenders in numerous institutions, and a programme called Prison to Pitch that trains young people in prison to play rugby and then helps them gain placements with rugby clubs outside prison. As with the programmes run by the Premier League, individuals who do not go on to work within the sport go on to volunteer to help deliver programmes for other young people.

School attendance and attainment is particularly relevant to a case from my own constituency that I want to cite: the work of the Charlton Athletic Community Trust in New Romney. It is worth noting in the data from the riots that 30% of rioters were persistently absent from school. In New Romney, the Charlton Athletic Community Trust has taken over alternative curriculum provision, a mainstream piece of provision offered across the country. Charlton Athletic won the contract to deliver it. It uses its role as a football and sport club to re-engage young people, but it also delivers studies in maths and English, as well as a broader basic curriculum.

The project opened in New Romney in September. I attended, along with my hon. Friend the Minister for Sport and the Olympics. During the two or three months since it started, the rate of attendance of the young people involved has improved significantly. The project gave me statistics. The attendance rate of one of those young people went from 1% at their previous institution to 55% now. Another student's attendance rate went from 26% at their previous institution to 100% now.

Such projects help to reduce antisocial behaviour, as some statistics demonstrate, and a broader, fuller study by the Government would be welcome. I have cited examples showing how they can intervene successfully in the lives of young people in prison and re-engage those who have had trouble at school with their studies. There is also much to be said about the projects' ability to help rebuild young people's sense of self-worth and make them feel happier in their working and school environments.

The charity Greenhouse does a lot of work across London. It was supported by the Duke and Duchess of Cambridge on their wedding guest list and by *The Times's* Christmas appeal. In the research based on its 41 full-time sports and performing arts projects across London, some things that stand out strongly are improved school attendance, improved timeliness for the projects and increased happiness in school. An evaluation commissioned by Greenhouse from external valuers showed that 87% of the young people with whom the charity worked reported being happy at school as a result of the new programmes in which they were taking part, compared with just 52% before the start of the programme. Those might be softer measures of improvement, but they are important when we consider that we are dealing with people who are, on the whole, quite disengaged from their environment and from formal learning areas and practices.

The Manchester United Foundation calculated that its project had worked with 500 young people. Of those 500, seven got jobs with Manchester United, 14 were recruited as volunteers, 30 gained accreditation in music and IT production projects, eight completed football level 1 and 2 qualifications, 12 won boxing tutor awards and 30 became junior football organisers. That is not a bad rate of return for engagement with 500 young people, and the project was delivered at relatively low cost, for less than £50,000 a year.

In conclusion, I ask the Government to consider the issues raised by my remarks and the case studies that I have mentioned. The Government should shift their priorities generally—they have already signalled a shift—so that they do not just increase participation in sport for good but consider how targeted intervention by sporting projects can help change the lives of some of the most hard-to-reach young people. They should consider how to create a unified approach to delivery across Departments. The work touches on the role of the Home Office, the Ministry of Justice, the Department for Culture, Media and Sport, the Department for Education and the Department for Communities and Local Government, all of which have some interest in the delivery of such projects. A unified approach is needed, probably with a lead Minister to take responsibility for and an interest in how those projects are delivered.

There should be a review of some of the rules and regulations about the delivery of sporting projects on the ground. Many sporting clubs cite problems with Criminal Records Bureau checks and other forms of bureaucracy that make their work more difficult. We should certainly look at that. All the national sporting bodies should prioritise the development of coaching qualifications and the training of people to help deliver projects.

To return to what I said at the beginning of the debate, a good starting point would be to build on the work that is being done by many sporting and charitable organisations, take up the research that they have done, complete a fuller study and analysis of the benefits and the rate of return from this type of intervention, and then consider the potential basis of further Government support via Government agencies, local government and the police—through crime prevention strategies—to make this a fuller programme for the country. The need to re-engage with young people is strong and evident, and the riots over the summer demonstrated that clearly to us all. Through the fog of this despair, there is evidence of some incredible and successful interventions that are turning around the lives of young people. We should draw from that and build for the future.

Several hon. Members *rose—*

Jim Dobbin (in the Chair): Order. Before I call the next hon. Member to speak, it looks as though four or five other Members would like to contribute. I intend to call the shadow Minister at about 20 minutes to 11.

9.50 am

Tom Brake (Carshalton and Wallington) (LD): Thank you, Mr Dobbin. I congratulate the hon. Member for Folkestone and Hythe (Damian Collins) on securing this debate. I hope that hon. Members will not feel too much of a sense of déjà vu after I have finished, because I will make many of the points that he has already made, although I will use examples that are local to me in order to illustrate them.

The debate's title could have been recast and centred on the effect of sports leaders on youth crime, because I think that sports leaders are what really do it in terms of reducing crime. Clearly, the sport itself plays a part, but I think it is the sports leaders who have the impact, and that is because of the discipline that they can instil, their important mentoring role, and the values that they demonstrate in leading young people, whatever their sporting activity. The Government have to get on top of the mentoring role. I believe that there is an issue about which Government Department should take responsibility for mentors. There is a clear need for them in, I would suggest, large numbers, but there seem to be difficulties in securing them, so that is an area for the Government to focus on.

Sport is also central to reducing youth crime and engaging young people in positive diversionary activities. Sport is all about team play—working together with others—which might be something that they have not experienced before. Moreover, exercise undoubtedly helps address the anger management issues that some young people may have—it is a lot harder to be angry after three hours of intense sporting activity. Sport is also about sportsmanship and being able to demonstrate to other young people the value of fair play. Wrapped up in all that is the issue of diet. Addressing dietary failures is necessary not only to succeed at sport at almost any level, but particularly if alcohol is an issue.

There are many examples of very successful sports schemes—or schemes that use sport, which are slightly different—that are used to tackle criminal behaviour or reduce the risk of offending. The hon. Gentleman has referred to Kickz, which is a very good project, and I will refer to a couple of statistics that highlight its success. There has been a 60% reduction in antisocial behaviour in areas in which Kickz is active, and up to a 20% reduction in the crimes that are most often associated with young people. Clearly, the project has the metrics to demonstrate that it is successful, but, like the hon. Gentleman, I think there is an issue about being able to demonstrate what types of projects are in fact successful. Anecdotal evidence is, of course, very good, but if the Government, the voluntary sector and charities, or social entrepreneurs want to invest in something, we need more than anecdotal evidence to support what is and what is not successful.

I am fortunate to have Cricket for Change based in my constituency. It does a lot of work on street cricket and engaging young people, both boys and girls, in it. Such is the success of its programmes that it has exported them to other countries around the world, such as Jamaica, Sri Lanka and South Africa, so it has taken the idea to challenging deprived areas and has bound people together. It has just finished a three-year programme targeting the 10 communities in London with the highest levels of youth crime. I want to see what that project's metrics say about the outcomes, because it may have been very successful.

Another local project is Community Inspirations, the importance of which is that it can provide wraparound for some young people who have fallen out of education. They may, for instance, be training locally at the Skills and Integrated Learning Centre—SILC—in plastering, tiling and other skills. There is often an issue about what they do during the school holidays. The typical activities of organisations such as Community Inspirations centre on sport. It often takes a group of young people who may never have stepped outside their postcode to another part of the country to meet other young people and play in competitions. It is having an important impact.

I had a chance meeting last night on my way to the Akash Tandoori, an establishment that I would recommend to anyone who finds themselves in Wallington. It is run by Yawar Khan, who is the president of the Federation of Bangladeshi Caterers and with whom I do a lot of work. Incidentally, I think that the Government and the Secretary of State for Communities and Local Government could perhaps give him credit for the idea of setting up a curry college in the UK, because he and his federation have been pushing for it for a number of years. He certainly sees the value in training young people here, as opposed to bringing them over from abroad. I will not pursue that line of inquiry, because its link with sport is tenuous.

Mr Khan was hosting a fundraiser for the Royal Marsden at which I happened to meet Mike Fleet, who runs Croydon Harriers. It takes its role in education very seriously, to the extent that when it takes young people on a coach to an athletics meet, the team managers go around and ask the young people, "Where's your homework? Are you doing it? Do you need some help with your Spanish?" It is, therefore, very hands-on in its support for those young people, as well as in coaching them in their sporting activities and techniques.

I asked Mike why he thought sport was successful and whether it was because the young people win and it gives them a sense of worth. He replied that that was not necessarily the reason, because, of course, they do not all win. He said that it is actually about things such as feeling that they are part of a family. They see a group of young people and adults on a regular basis who can provide them with support. Croydon Harriers work with a range of young people, from perhaps some of the most challenging in Croydon to pupils from Whitgift—whose behaviour I do not think is particularly challenging—and provide them with support and a family environment. In fact, they will often bring in a young person's actual family and provide an environment in which they can work together, with sport as the coalescing factor. Young people can also see their own progress—they start out achieving a certain distance or time and can then monitor their progress and realise that they are taking positive steps.

Members may not have expected this, but the final project that I would like to mention is the work of the Angling Trust on urban fishing and getting young people from areas that we would least expect involved in fishing. However, a blogger responded to my suggestion that this was a good thing by saying that they did not want oiks to ruin their fishing, so there may be some issues

about ensuring that regular fishermen and women do not feel threatened, but the project has an important part to play.

I have given examples of some very good schemes. Finally, I would like to go over the same ground as the hon. Gentleman. There are statistics and hard facts about what is successful, and a lot of anecdotal evidence, but we need to channel that into a strong body of evidence on which the Government and other groups can base decisions about what types of sports schemes they should support. That is true for the whole area of criminal justice, for crime prevention and detection, and for sport. I understand that a sports think-tank has just been set up. Andy Reed, who used to be the Member of Parliament for Loughborough, Lord Addington and a Conservative peer whose name, unfortunately, I cannot remember are on that think-tank. That organisation may want to consider the matter in terms of pulling together the evidence. We need some joined-up government.

This is my last point. We know that the cost of sending people to prison is £40,000, and up to—who knows?—£200,000 for a very secure establishment. We want to see some hard facts about the success of these projects in diverting young people away from crime, so that we can offset the expenditure on those projects against the savings that will be derived by having fewer young people in our prisons. If the Government can achieve that, there will be a substantial improvement in our understanding of how we can tackle these problems.

10.1 am

Dr Thérèse Coffey (Suffolk Coastal) (Con): It is a pleasure to serve under your chairmanship, Mr Dobbin, in this important debate, and I congratulate my hon. Friend the Member for Folkestone and Hythe (Damian Collins) on securing it.

Anecdotally, we have all seen programmes that touch us in understanding how sport has actively intervened in people's lives to put them on the straight and narrow or, indeed, to make them positive role models in their own communities and families. My hon. Friend has already set out in substantial detail the wide landscape within which many programmes operate. The Positive Futures programme in Suffolk is run as part of a national programme and has been a significant success. It is funded by the Home Office drugs strategy directorate and I hope that the Minister may have some evidence of its benefits. All of us can think of examples in our constituencies where such an approach has worked.

The Rugby Football Foundation, which has already been mentioned, is involved with the Prison to Pitch initiative. I have been impressed by Sally Pettipher from the Rugby Football Foundation, who has described that scheme to me. I have tried to help to organise some funding and she has been very diligent in trying to get the initiative going, which works with people who are in prison or a young offenders institute. The physical playing of rugby is a useful energy release exercise, but that is not the only beauty of the project. When people leave prison or a young offenders institute, they are invited to join their local rugby club. The intention is that, instead of perhaps going back to the so-called family or friends who lead them astray or back into crime, they can have a new family within the rugby club. Rugby is particularly well set up for that because it has more of a clubhouse feel and that community aspect is far more evident than perhaps with many football teams. Those teams do a great job across the country. Often—how can I put it?—they assemble on Hackney marshes on a Sunday and go for a drink afterwards, but the members of the teams do not necessarily see each other from one week to the next.

I want to encourage the Home Office and the Minister to try to do what they can to support that programme. The Under-Secretary of State for Justice, my hon. Friend the Member for Reigate (Mr Blunt), who is responsible for prisons, was very supportive of the scheme and, indeed, still is. However, I know that Ministry of Justice officials were initially concerned that allowing a contact sport into a youth offenders institute would introduce safeguarding issues around children. We seem to have got over that, but I encourage the Minister to do what he can to try to stress the positive aspect of sports as opposed to erecting barriers.

A separate programme—the Wooden Spoon programme—essentially involves a group of teams that go out and play and raise money for community projects. That has been very successful; indeed, it has crossed codes, with the league and the union coming together to provide mutual support. The programme's projects not only tackle things such as disability and opportunities, but, with the Young Men's Christian Association, focus on NEETs. That has been successful in trying to tackle antisocial behaviour in deprived areas.

My hon. Friend the Member for Folkestone and Hythe is a big Manchester United fan. I happen to be a Liverpool fan. After the party conference this year, I was in Manchester, but I made the trip down to Speke in Liverpool. I was made very welcome there by the Liverpool football club community department. I pay particular tribute to Bill Bygroves who is the community officer. He has a focused team of people, and has shown true leadership since the scheme was set up in 2000. From what I could tell from my time there, the scheme has gone from strength to strength and is broadening out into a variety of functions, including addressing issues such as men's health.

I want to focus on some of the work that the LFC community department does with children and schools. It employs some people who, by their own admission, have strayed off the straight and narrow path but have turned their lives around and have been encouraged by the positive association in the community with a brand as strong as Liverpool football club. That brand association has taken these programmes into places where things that are not very cool, such as a local youth service, might not reach. Of course, it is not only happening in Liverpool. We have heard about Manchester United and I know Everton do it. In addition, the excellent Kickz scheme has been mentioned. The LFC community department has done something very good in systematically associating something positive with a general challenge to attitudes and, critically, with talking about positive relationships.

I have been shown a variety of material that has been shared with many children across Liverpool. The scheme works in such a way that, essentially, children from a class will spend time at a particular sports centre and interact with people who work for the club. Various worksheets are used as part of its education curriculum, which talk about things such as "positive relationships,"

[Dr Thérèse Coffey]

"tactics for families," "respect for all," "truth for youth," "drop the drugs," "ban the bully," "rule out the racist," "shoot goals not guns" and "say no to knife crime." As hon. Members can see, very positive messages are associated with leading football players such as Steven Gerrard and because Stevie says so, kids will stand up and take notice, which is very positive.

On other local activities, I must admit that I do not have children, but I always get a bit fed up when I meet younger people who say that there is nothing to do and blame this, that and the other. If we look around us, we can see the great work that is done in every community across this land, whether by volunteers who help to run the scouts and the guides and enjoy that kind of sport; those who are involved with work in lucky places such as Manchester, Liverpool and other main conurbations where football and rugby teams proactively go out to help their local communities; or people who are involved with the local Army Cadet Force or similar organisations. I genuinely believe that there is a lot out there for young people to do, but sometimes we just need to encourage them in the right direction.

Of course, many of those things are not seen as being very cool. Although the Archbishop of Canterbury talks about civic society, he needs to go and engage with these people. Something we can all do is direct people towards such organisations. One of the lessons we can learn is to associate positive brand ambassadors with these initiatives, whether they are at a football club or a local church school hall youth club that meets on a Thursday night. We need to have such positive brand imagery and to encourage all our local celebrities and respected local people—that may even include Members of Parliament—to fly the flag for the volunteers who are trying to make a difference with youth and sport.

Jim Dobbin (in the Chair): In case hon. Members are interested, for the record, I should say that I am a Glasgow Celtic fan.

10.9 am

Charlotte Leslie (Bristol North West) (Con): It is a pleasure to serve under your chairmanship, Mr Dobbin. I congratulate and thank my hon. Friend the Member for Folkestone and Hythe (Damian Collins) for securing the debate, which could not be more timely or more important. I thank him and other hon. Members for illustrating so effectively the statistical basis we have to demonstrate why sport is so important in tackling youth crime.

There is also the value-for-money aspect. My hon. Friend talked in a learned manner about boxing and the Tottenham boxing academy. What is so fascinating is that, as an alternative pupil referral unit, it actually costs a lot less than a regular PRU and is significantly more successful. In difficult economic times, youth sport is not only a good mechanism to tackle one of the big issues of our time, which erupted in August, but an extremely valuable mechanism to deal with social problems that arise when we do not have much money to do so.

In my short time this morning, I do not want to concentrate on anecdotes, because there are many, or the statistics and value-for-money figures, because they have been given out very effectively. I want to outline briefly why sport is important. If we understand what sport is and why it is important, it becomes a no-brainer that it will perform the functions that we need to demonstrate statistically—because we are accountable politicians—before we spend money on it. It is very important to understand what sport is.

I am president of my local boxing club, The National Smelting Co Amateur Boxing club, and chair of the all-party group on boxing. As with many sports, boxing is so important for many young people who have fallen out of all the normal authority measures. They have fallen out of school because they do not see that it offers anything for them. They have fallen out of the council's best attempts to engage them in its systems of social work because they feel that they are dislocated from authority. For many young people, the boxing club is the only rival identity to other less savoury identities that are offered to them. One young boxer said to me:

> "My life was a cul-de-sac of going into a gang. If I wanted an identity, security, protection, feeling I am something, there was only one option for me and that was to join a gang. My local boxing club provided an avenue off that cul-de-sac where I could find a family and identity."

Family and identity, particularly identity for young people, are massively important. We all remember our school playground days and how important it was to be a member of a group of friends for our own identity. Crucially, for many young people, sport is the first opportunity they have to have a traction on achievement. In the riots, we saw a whole generation of young people who felt that they had nothing to lose, so why not go off and do stupid things? They felt they had no traction on achievement in their lives. They did not actually know how to achieve. The word "aspiration" is bandied around a lot, and the concept, included in the document, "Five days in August", of hope and dreams is also bandied about a lot. There is a big, big difference between having hopes and dreams, and having goals. A hope and a dream is something one might vaguely hope to get to. Lots of young people have hopes and dreams of being David Beckham, or a WAG. They do not have any idea of how to achieve those hopes and dreams.

Sport begins to give young people a ladder to climb, from where they are now to where they think they want to be. Not everyone can be David Beckham. He is a very talented footballer. The narrative that society gives to young people is that David Beckham became David Beckham by just appearing on TV one day in a football kit, but David Beckham became David Beckham by putting in hours and hours and hours of training and hard work. The immense value of sports clubs—particularly boxing clubs for kids who will not engage with other forms of society, because they feel they are too much part of authority—is that they provide the first opportunity to learn the very important lesson that my old swimming coach, Eric Henderson, taught me—no pain, no gain. To achieve something, one has to put in effort now, be it doing maths homework because one wants to be rich, have a fast car and a very attractive wife, or be it putting in a bit of effort going for a run and a sports training session that one does not really want to do—because it is early in the morning, it is raining and one feels tired—but one does because one wants to achieve something in sporting life later on. That, of course, applies to school, sport and life. It applies to getting a job. It

applies to so many things. In fact, it is the citizenship lesson about work and achievement—about teamwork, learning how to win and learning how to lose—that is so often delivered in schools in a two-dimensional form on a piece of paper, but which we need to deliver to young people in a real form on our sports fields and in our sports clubs.

We have the most extraordinary opportunity on our horizon next year. It is a once in a generation event: the Olympic games. We have just come through a summer that has rocked our nation. There is a problem with youth disengagement that we all knew existed. My goodness me, communities up and down the country knew it existed, because it was on their doorsteps daily. It erupted with massive force in London in August. The whole country looked at our young people and asked, "How have we let this happen?"

Next year, we have the most iconic solution to that problem—we have the Olympic games. I beg Government—I will do everything I can to work with them—not to let the opportunity of an Olympic legacy go to waste. On the ground, people know that sport works. If we understand the basic psychology of kids and all human beings, it is very apparent why sport works. We urgently need statistics, and the statistics base around it, to justify expenditure we need to make. We need to put that at the heart of tackling the massive social problem that erupted this year. What better opportunity is there to do that than when our British Olympic champions stand up on those podiums with those medals that I have no doubt they will win, saying, "Not only is this a gold medal because I was fastest or jumped highest on the day, not only is this a gold medal to say I was the best, but this gold medal also means a lot to me because of all the work I put in to get there"? Not everyone can be an Olympic champion, but everyone has their own personal best that they can achieve. It would be a great message to have every British Olympian standing and inspiring our young people to achieve. We can only do that if they have the rungs on the bottom of the ladder in our communities at grass-roots sports level in our schools and in our amateur sports clubs.

Once again, I thank my hon. Friend the Member for Folkestone and Hythe for securing this debate, which could not be more timely. We do not have much time to act and I urge the Government to address this issue with all seriousness.

10.16 am

Justin Tomlinson (North Swindon) (Con): It is an absolute pleasure to serve under your chairmanship, Mr Dobbin. I congratulate my hon. Friend the Member for Folkestone and Hythe (Damian Collins) on securing this important debate.

I am passionate about the positive role that sport can play in our local communities. I support that positive role through encouraging a healthy and active lifestyle that improves behaviour, teamwork and enjoyment. Sport can channel young people's energy and boost self-esteem. Sport can be a forum for enjoyment, friendship and personal fulfilment. Sport can reach and change young people by improving their life chances, increasing educational attainment and building life skills. Sport can achieve some of the social outcomes that will help transform our society, and sport can be used a tool to benefit disadvantaged young children.

The reason why I am so passionate about sport relates partly to my own background and partly to the fact that I was the lead member for leisure on Swindon borough council before I became a Member of Parliament. I went to a school that was bottom of the league table in Worcestershire. We had many of the challenges that are often raised in debates connected to this subject. Two of my best friends when I was growing up ended up spending time at Her Majesty's pleasure. Some would say that, now that I am in Parliament, perhaps I did not do better than those other two people, but among our group of friends, the main reason why the majority of us did not follow my two friends who did go to prison was, frankly, that we were too tired at the end of the day because of sport. We were influenced by role models on television. We predominantly played football, but, if it was Wimbledon fortnight, out came the tennis racquets. If the Tour de France was on, out came the bikes from the shed. If it was the Ashes cricket, out came the cricket bats. This is a serious point: we were genuinely too tired to cause too much trouble. By the time the sun went down, we were more than ready to go home and be watered and fed.

I want to focus my comments on the opportunities that I benefited from and that we as a society can provide for young children. When I was first elected, probably one of my more controversial moves was to support the move to defend the school sports partnership programme. I was a big champion of that scheme, because its whole principle was to provide sporting opportunities for those who are not particularly naturally competitive. If someone is gifted at sport, invariably that is because their parents have encouraged them from a young age, and they will therefore have been provided with plenty of opportunities. The vast majority of children, however, need a bit more encouragement. The one thing that the school sports partnership programme does very well is offer a wide programme of opportunities. There is a sport for everyone. When I refer to sport, it is not always necessarily the obvious sports that we might see in the Olympics or on the television, but such sports as street dance—basically, anything that can make young people active and constructive.

We also need to encourage more coaches—a number of hon. Members have already touched on that—but also day-to-day volunteers. When I talk to sports clubs, their biggest challenge is to find someone to be the club secretary or treasurer, and someone to fill in all the complicated forms and to organise the fixtures. There is a real deficit of people to fill those roles. In a society, people who are not particularly sports-minded can still play a constructive role. I welcome the work of the Football Foundation with its funding; rather than only the traditional provision of a brand-new, shiny set of football kits for a variety of sports clubs, it is looking at the legacy and encouraging more coaches and volunteers, so that more people get an opportunity to benefit.

Charlotte Leslie: Does my hon. Friend agree that, if we are going to talk about the big society, for example, there are few areas where it is more prevalent than in sport?

Justin Tomlinson: I am passionate about the merits of the big society, and sport can be absolutely at the heart of it. We can all play a role, even if it is not the traditional one of leading on the front line in the sporting team.

[Justin Tomlinson]

During the 10 years that I was a councillor, four of which were spent as the lead member for leisure, the one thing that I was most proud of was setting up the Sports Forum, which brought together about 60 different sporting organisations from throughout Swindon. They would meet once a quarter to share best practice, to identify additional funding, to help increase their presence in the local media and to share facilities. It was a huge success.

In a brief deviation, we had the extremely sad news that Roger Byrne, who was the lead officer for leisure, passed away last week. He was one of the main driving forces behind the Sports Forum, and during my 10 years on the council, he was easily the most respected officer that I and many others ever worked with.

From the Swindon Sports Forum, an example of how different organisations coming together can make a huge difference is Esprit Gymnastics, an excellent not-for-profit organisation promoting gymnastics. It used a facility that was full to capacity, with about 400 children a week benefiting, but it was so popular that the neighbouring units on the industrial park where it was based complained, saying that there was nowhere to park after school times, because all the parents were descending, and that either it should move away or they would move away.

Suddenly, a successful gymnastics organisation was faced with being homeless. Through the Sports Forum and Swindon borough council, an alternative facility was found—at the old Headlands school, which was being bulldozed to create a new academy, although a £4 million sports hall had only been built a couple of years earlier. We faced the embarrassing situation of bulldozing a relatively new £4 million sports hall, and to cut a long story short, a deal was done and Esprit Gymnastics moved into the sports hall site, while the school was bulldozed around it. Esprit paid a level of rent to the council and managed the facility.

I went to visit last Monday and not only does the site now have a much bigger gymnastics facility, but the Kirsty Farrow dance academy and the Leadership Martial Arts organisation are in place as well. From 450 children a week benefiting from a facility, we now have 2,000 children a week. This is all washing its face, and it is a fantastic facility. I met with parents who were dropping off one child for dance, one for gymnastics and another for martial arts. Some do different activities on different nights, and we even have a shop in the facility that provides all the specialist clothing. It is a really good example of organisations coming together, led by volunteers, to transform a number of young children's opportunities.

Other opportunities go back to when I was younger and playing lots of sport: the absolute, desperate need for accessible, usable open spaces, which I talked about in my maiden speech. The turf on the football pitches does not have to be premier league quality. I played on an almost vertical hill that worked very well; because two of my friends, the twins Matthew and Paul Gilbert, were so much better than we were, they had the privilege of kicking uphill all day long, while the rest of us got to kick downhill—we still lost.

The other frustration that I saw when I was a borough councillor was to do with private finance initiatives and access. Schools in my old ward of the borough were PFI and, once the clocks hit 4, it cost an absolute fortune to get access to those facilities. I represented a high-density housing estate with limited open spaces, but with wonderful expanses of open space behind high fences priced out of the community's reach. As a society, we need to look at that.

I welcome some recent Government measures—in particular, the introduction of a "troops to teachers" programme. When I visit schools, particularly primary schools, the heads are saying that their big challenge in providing sporting opportunities is not necessarily having a pool of teachers who have the confidence or the skills to deliver a wide variety of sport. If we can get some of those troops who become teachers into primary schools, they would be apt to offer such opportunities.

Insurance continues to be a big burden, particularly for young teachers who are extremely expensive to insure for school minibuses, which limits the opportunities to go and play sport in school competitions or at the regional or district level. I keep calling on the Government to broker a national agreement, with their collective power of hundreds and thousands of schools, to get a better deal for the younger staff.

Let us look at legacy and the schools Olympics. As has been mentioned, the Olympics are a wonderful opportunity to inspire young people who, however, then need the opportunity to play the sports in which we are successful. Whichever sports we are successful in are the ones that the children wish to replicate, so it is really important that the schools Olympics that we are driving forward are taken on board and utilised, so that everyone has regular opportunities, especially once the razzmatazz of the Olympics has passed.

There have been many mentions of mighty premier league football clubs such as Liverpool and Manchester United, so I will throw in Swindon Supermarine of the seventh tier of the Football League, whom I worked with to secure funding for from Capita, to pay for a sports programme for the most challenging schools in both the Swindon constituencies. It was about not only providing an opportunity to play football but helping with nutritional advice—in some cases, the basic necessity of a meal—as well as providing kit. Again, that has been exceptionally popular.

Finally, sport needs to work more with the youth service. In the old days, the traditional youth service and the traditional sports club, which was for the most competitive and technically able children, would never mix. The two should be one and the same. In all local authorities, the head of sports should also be the head of youth. When I was head of leisure, I touched on the youth service briefly, and I visited a lot of those traditional youth centres, which might have only six or eight children on a Friday evening. Yet I would go to the ice-skating disco and 600 teenagers were whizzing around the rink, chasing whoever was their flavour of the month and keeping themselves active and constructive. It always used to frustrate me that sport could have been used to engage with children, whether street dance, ice skating or football. The youth service needs to get out of its fixed facility and park itself outside wherever sport is enticing children.

Recently, I spoke to Stratton parish council, which is considering spending somewhere in the region of £4,000 or £5,000 on graffiti walls, which I am utterly opposed to. I said that it would surely be far better to spend that money on hiring some coaches, whether for boxing or

for football, who could come in on a Friday night—the council would not have to charge itself for opening up its own facilities in community centres and school grounds—and those coaches, on £30 or £40 an hour, could provide entertainment and a constructive outlook for young children.

My plea to the Minister is to keep driving home the need to create opportunities. The facilities do not necessarily have to be fantastic, wonderful or driven by the most efficient, sports-minded people, but give young people an opportunity—they are creative enough to take advantage of it. If we can keep them engaged actively, as I was, they will be too shattered to cause any trouble.

10.28 am

Stella Creasy (Walthamstow) (Lab/Co-op): It is a pleasure to speak in the debate. I congratulate my fellow Red—in many senses, from what he said today—the hon. Member for Folkestone and Hythe (Damian Collins) on securing the debate, which is timely, as has been said. There is a large degree of consensus in the Chamber about the importance of sport to our young people. I wish to talk about that, about some of the challenges in achieving the outcomes that we all say that we can achieve through sport and about why that matters.

The first point to make on the record, perhaps with an exception for the hon. Member for North Swindon (Justin Tomlinson)—I take issue with his humbleness about the impact of sport on his own achievements—is that we all recognise, as the hon. Member for Folkestone and Hythe said, that sport is not enough on its own. It is not about containing or diverting young people, but about the relationship that good, positive sporting activities and those who undertake them can play in securing achievement for our young people. Therefore, it is important to see sport not simply as a form of diversion but as a pathway to that achievement, and that is how we get the impact that we are all talking about. Not only do the coaches in our own communities keep kids off the street, but they keep them on that path towards the straight and narrow, towards the things that they could do in life.

This is not just about young people's formal exercise activities—I take on board the points made by the right hon. Member for Carshalton and Wallington (Tom Brake) and the hon. Member for North Swindon—but about the soft skills that they learn from being involved in sport and working with sports coaches and other young people. Those skills include team leadership, teamwork and participation, and what they offer not just on the pitch, but in the playground and the classroom. The importance of data and examples to prove what we have all known for many years—this applies especially to those of us who have worked in the youth voluntary sector—about those relationships and what sport gives to young people is vital to understand in whose interest investment in sport provision is and to secure those outcomes.

We have talked about different interventions, or alliterations, whether prison to pitch, cricket for change, or troops for teachers, and they all show that thinking smartly about how to bring those skills to young people—the right people to work with to engage them in those activities—reaps rewards that last not just while taking part in the sport, but for a generation. We also talked about the value for money of those programmes, which is a key point to which I shall return. If it is recognised that the benefits accrue not just in the short term, but in the long term, it is necessary also to recognise whose responsibility it is to support that work to secure the gain.

The challenge for us all is not to make the case for whether sport can play an important role in helping young people to achieve, thereby in tackling crime and under-achievement, but to say how to do that. The hon. Member for North Swindon mentioned school sports, and I pay tribute to the support that he gave to many of us who were deeply worried by the proposals to cut the school sports programme. I want to put on the record my personal thanks to my right hon. Friends the Members for Leigh (Andy Burnham) and for Dulwich and West Norwood (Tessa Jowell) for their work in improving dramatically the teaching of sport through schools and for having the far-sightedness to recognise its value.

School sports drove up participation in high-quality physical education for our young people from only 25% in 1997 to more than 90% in 2010. The school sport partnership, to which the hon. Member for North Swindon referred, was vital because it enabled the infrastructure that made participation possible to be put together, including the people who organised the games, provided the coaching and looked for the range of sports that young people want to take part in. When the Government foolhardily tried to dismantle that network, there was, rightly, an outcry. It is welcome that they have backed down to some degree, although many of us who still work with our local school sport co-ordinators are worried about the impact of those changes.

The issue is not just what can be done in schools. Critically, it involves the role of the voluntary sector. Some fantastic examples have been mentioned today. I have worked in the scouting movement, and I want to put on the record my support for voluntary organisations and the number of activities that they could provide. We are all clear that not just one sport is involved. Indeed, the scouting movement prides itself on being able to provide 200 different activities for young people each week and recognises that a range of provision is needed to engage with the range of young people.

I see the work of organisations such as Kickz in my community, and I want to put on the record my thanks to the Leyton Orient community sports programme for promoting that work. The hon. Member for Folkestone and Hythe referred to the "Teenage Kicks" research. We know the impact of its work in pulling back young people who are at risk of antisocial behaviour, and we know that that makes a difference and is valuable not just regarding their antisocial behaviour but for their future achievement. He also referred to a social return on investment. Such programmes with the right people bring rewards that we could not achieve through sport provision alone.

I pay tribute to some of the grass-roots organisations. Many hon. Members have talked about fantastic large organisations that work with young people. I also pay tribute to Manchester United for inspiring me in many different ways. I share sympathy with the hon. Member for Suffolk Coastal (Dr Coffey) for her support for Liverpool, and I appreciate the work of the Liverpool

[Stella Creasy]

community sport programme. Many of us know of smaller organisations in our communities, including Salaam Peace and Asianos in my constituency, that encourage young men to take part in football and cricket. They engage with young people with mentors from similar backgrounds who recognise the role of sport in providing soft skills and spend their lives encouraging young people to take part.

All such organisations—I want to turn to risks—show the importance of joined-up provision. The funding for such organisations often comes from a range of sources, including public and voluntary sources, and philanthropically from the private sector. That is a concern that I want to put to the Minister. We all recognise, because of the relationship to achievement, the value for money of investing in sport and providing sporting activities not just early in children's lives, but throughout the critical periods of transition to adulthood, but how can we ensure that that happens not just for the few, but for all young people?

One of my concerns, having worked in the voluntary and community sector in providing for young people, as well as in local government, is the impact of some of the cuts on our ability to deliver such services. One challenge for local authorities, which often fund such work initially and are often a vital support for voluntary organisations at grass-roots and national level, is that the speed of the cuts means that they are cutting the very relationships that we all believe are important for young people, because there was no time to find efficiencies, to renegotiate contracts or to share services. Inevitably, funding for the voluntary sector, especially non-statutory services such as youth services, has suffered most. No one is denying that money must be saved, but it will clearly be a false economy if the very services and relationships that we know make a difference to our young people are the first to be cut.

Damian Collins: On priorities, the previous Government decided not to support Kickz from the investment budget of the Department for Culture, Media and Sport because the programme was not designed purely to increase participation. Some people may say that it had a stronger function, but that function has been recognised by the Home Office in particular under the current Government. Total money is important, but so is deciding on priority areas of spending.

Stella Creasy: The hon. Gentleman is absolutely right to talk about priorities, but he is being a little disingenuous about Kickz, because it received public funding from other agencies. This is not just about particular projects; the case that he made powerfully, with which I agree, is that it is about the activities that we ask youth providers to undertake. Indeed, I would be critical of those who simply offer sport without asking what it can do in the long term for young people and those who say that it is enough just to get young people off the streets. That is why I challenge the hon. Member for North Swindon, who suggested that all that mattered was that he was tired at the end of the day. I suspect that participating in sport, working with other young people and organising sport made a difference to his confidence and probably also to his life chances.

We cannot get away from how to fund such activities. My worry today is that cuts mean that organisations and programmes such as Kickz and Leyton Orient's community sports programme are under pressure as a result of some of the Government's choices. If we all accept the case that good sports activity can provide that longer-term function in young people's lives, we should be fighting for resources to go to those organisations and making the case for investment now and in the future, as a way to protect longer-term achievement.

The issue is not just the practical provision of services, but how that can help to reduce crime. The Minister may not be responsible for the allocation of budgets to the Department for Communities and Local Government, but he is responsible for community safety grants. We have seen a massive slashing of those grants and the very money that was helping the police and local authorities to work creatively with local community groups to provide outreach activities. For example, in Lambeth, one of the boroughs that was affected by the riots, the community safety grant has been reduced from £691,000 in 2010-11 to just £276,000 in 2012-13. Hounslow is facing a 32% cut in its youth offending budget next year. That matters because the funding allows people to think creatively about how to engage with young people and to do more than just tackle crime; it can prevent it by funding work with those young people, but that is under threat.

I want to flag up for the Minister the fact that the funding cuts for local government are a real risk to some of their key provision of facilities. The hon. Member for North Swindon spoke effectively about the importance of school buildings. The extended schools programme was doing exactly what he was asking for. It was encouraging schools to consider how to open up their facilities. I represent an area in north-east London, and I am conscious of the lack of space to undertake sporting activities. There is a relationship between playing sport at school and taking part in sporting events organised by voluntary organisations outside the school, but somewhere is needed to do that work. Will he make a case for revising that decision? I am sure that he will ask where the money will come from.

May I encourage the Minister to talk to his colleagues in the Department for Education about the national citizen service? There are questions about the scheme's value for money, and the Education Committee has highlighted concerns about the costs versus outputs that we will get from the service as it is currently constructed. If the Minister recognises the social return on investment in sport in tackling youth crime and also in delivering achievement, I suggest that he work with his colleagues across the Government to make the case for a better use of the funding that is available for youth provision.

Charlotte Leslie: Does the hon. Lady recognise that much of the purpose of the citizen service scheme is to engage young people in the idea of volunteering and getting involved in their communities? On no planet will the Government be able to fund the entirety of amateur youth sport across the country. The national citizen service scheme plays a valuable role in introducing young people into their communities, so that they too can coach young people and play an active part in their community. It cannot be measured in the simplistic terms suggested by the hon. Lady.

Stella Creasy: The hon. Lady ought to listen to her colleague, the hon. Member for Folkestone and Hythe, who talked about priorities. In a time of financial austerity, the national citizen service is a very expensive scheme for a very small amount of time. If we are not able to fund everything—yet we are all in this together—we have to look at what money is being spent on young people. I advise the hon. Lady to look at the Government's commitment to fund the national citizen service for all 16-year-olds and the amount of money that that implies. She has made a powerful case about value for money and the cost of some of the alternative schemes that support young people, but perhaps she should consider which is the greater priority at this point in time. I have a background in working with a national scheme that provides exactly that sort of citizen service through the uniformed organisations. No one is suggesting that such schemes do not have merit, but in a time of financial austerity, it is absolutely right to ask about the Government's priorities, especially given the powerful case that Conservative Members have made about the impact of sports provision and the importance of working with voluntary organisations and providing services not just for eight weeks in the summer but throughout a young person's life, so that they can have mentoring and support, not just to avoid antisocial behaviour, but to secure achievement.

Dr Thérèse Coffey: The hon. Lady suggests that the systems that we have had seem to have worked. It is fair to say that this new initiative is a seedcorn project, but I think that it has great potential. We should not keep throwing money at projects that may not have had the impact that the hon. Lady suggested.

Stella Creasy: I absolutely agree with the hon. Lady, and I therefore advise her to read the Education Committee's report on the national citizen service in which questions were raised about the scheme's value for money and efficacy. That is the key point. If we all agree that sport makes a difference to young people's achievement, we have to look at how we can use the resources that we do have to make sure that we get results. I will end on that point. The Minister needs to champion the work that we all agree is important and he needs to champion the resourcing, otherwise many young people will not have access to the opportunities that we all agree make such a difference, and we all recognise that Britain would be poorer for it.

10.43 am

The Minister for Policing and Criminal Justice (Nick Herbert): I welcome you to the Chair, Mr Dobbin. I congratulate my hon. Friend the Member for Folkestone and Hythe (Damian Collins) on securing this debate and on speaking with great expertise and clear conviction about the importance not just of sport, which is something that we can all agree on, but specifically the role that sport can play in reducing youth crime. It is a profitable subject to debate and some positive contributions have been made. I noted with a certain amount of concern his suggestion that there needs to be a lead Minister to co-ordinate across government. He plainly put in a credible bid for his own potential role in that respect, so some of us will have to watch ourselves very carefully.

We should acknowledge that most young people are not involved in crime. Often in our debates—for example, in yesterday's debate about the causes of the riots—we ignore the fact that the vast majority of young people do not engage in crime. Sport has a value to them, which is separate to our discussion this morning. It is also important to state that, apart from recognising the value that sport may have for reducing crime, we are committed, as I am sure the previous Government were, to reducing youth crime. That will continue to be important for the communities affected by crime. We must prevent young people getting drawn into a life of crime and into a cycle of criminality from which it can be difficult to escape. Providing routes out and choices, which are so important at an early age, is what this debate has been about. Indeed, there was a lot of discussion about that in the context of the riots. What positive or alternative options can be given to young people who may otherwise be drawn into criminality? What alternative structures, as it were, can be offered?

Tom Brake: On the subject of routes out, does the Minister have the capacity to look at what sporting and diversionary activities the authorities in areas where the riots took place are planning? In Croydon, 500 people were arrested and 400 charged. I suspect that 200 or 300 will have gone to prison. They will be coming back to Croydon, because 80% of them were from Croydon. It is important that the Government monitor what will be in place to take those people on board when they return.

Nick Herbert: We will come to a discussion about who is responsible for providing such activity. My hon. Friend the Member for Bristol North West (Charlotte Leslie) described somebody who had gone into what he felt was a cul-de-sac as a result of gang activity, but boxing had been the avenue out. Routes out are important. My hon. Friend the Member for North Swindon (Justin Tomlinson) spoke about the route that he found out of what might have been an alternative career option such as his friends pursued, which was time spent detained at Her Majesty's pleasure. He has found a different course, although many would suggest that there is not much difference between that role and that of his friends.

Nevertheless, there has been general agreement in the debate. There has been no dispute about the value of sport in having a positive impact on behaviour. It teaches control, self-discipline and the importance of teamwork. It unites people and provides opportunities for people, wherever they come from. Sporting activity is of huge value in preventing offending. Where offending has taken place, sport can play an enormous part as an intervention to break the cycle that I described. We must be careful to ensure that it is not the only intervention. There may be other causes of offending behaviour that need to be addressed in parallel. Whether there are learning difficulties or various addictions, sport can be one of the means to help an offender, but other interventions may be equally important.

There was also agreement about the importance of role models, particularly the powerful role models provided in sport. Such role models can of course provide a catalyst for change. My right hon. Friend the Member for Carshalton and Wallington (Tom Brake) talked about the particular value of sports leaders, but I am

[Nick Herbert]

sure he did not mean to imply that those were simply national sports leaders. Of course, national figures in sport, as mentioned by other Members, have a significant impact on young people. The mentors described by my right hon. Friend work at local level and come from all sorts of places. They can show a leadership role, and assist and encourage young people to engage in sporting activity. That is equally important.

I spoke recently to a police community support officer who, in addition to his community work, devotes much of his private time to working with young people and providing coaching in local sporting activities. He felt that it was important to assist those young people to take part in a constructive activity that would prevent them from getting into trouble. Such volunteers and local heroes matter just as much as national role models; I agreed with my hon. Friend the Member for Suffolk Coastal (Dr Coffey) when she said that it was important to fly the flag for volunteers, and to celebrate them and recognise what they do.

Damian Collins: In the United States there is a programme called Badges for Baseball—all these programmes have snappy names—in which the police organise baseball and softball league games directly with young people. Does the Minister feel that there may be additional scope for police to be directly involved with such programmes in the UK?

Nick Herbert: I am sure that there is scope. Equally, if I were to ask any of the 43 police forces in England and Wales, I bet that they would supply good examples of activities in which local police officers are already engaged. I am sure, however, that they would accept my hon. Friend's encouragement in the right spirit. They play an important role in the community.

I reject the characterisation of the police that was offered yesterday in research commissioned by *The Guardian*. It suggested that some hostility to the police is necessary, but in fact the development of neighbourhood policing and the community interaction carried out by the police is important and something that we must maintain and continue to develop.

Stella Creasy: The Minister and I agree that it is important for the police to interact with young people over things other than criminal behaviour, so that trust can be built and young people can see the police as being on their side. What assessment has the Minister made of the effect that cuts to police numbers and the safer neighbourhood teams will have on the ability of the police to participate in sports games, to be on the street and to have that relationship with young people?

Nick Herbert: One departure from an otherwise consensual debate was the utterly predictable statement made by the hon. Lady when she laid at the door of the Government cuts that, in her assessment, will mean that none of the positive activities under discussion can take place. She described the choices that the Government are making, but we make such decisions because the economy is in difficulty and we inherited debt from the previous Government. Some contrition and responsibility for that on the part of the hon. Lady might make her position more credible. Like any Government, we have to find savings. When it left office, the hon. Lady's party was committed to £40 billion of unspecified spending reductions and knew that savings had to be made. So far, the reduction in front-line policing numbers has been just 2%; there is no need for the front line to be affected, provided that police forces make savings in the right way. Such partisan points do not assist the debate.

Several hon. Members mentioned the importance of the Olympics in offering something of lasting—rather than just temporary—value to this country and its young people, and we want to harness the power of the games to provide new opportunities for young people to take part in competitive sport. My hon. Friend the Member for North Swindon mentioned the school games, and such activities will be particularly important. Since the issue of funding has been raised, I will point out that over £128 million of lottery and Government funding is being invested to support school games, and that is underpinned by continued investment to increase the numbers of new clubs, coaches and volunteers working in sport with young people.

Charlotte Leslie: Will the Minister recognise the work of the Football Foundation? It carries out fantastic work not only by efficiently using funds to renovate community sports facilities but by putting structures in place so that those facilities are more self-sustaining and do not require so much Government funding. That is the kind of long-term legacy that it would be good to see more of throughout the country after the Olympics.

Nick Herbert: I am happy to recognise that; there is clearly a role for civil society, sport clubs and organisations, as well as for the Government and bodies that provide public funding. My hon. Friend the Member for Folkestone and Hythe mentioned Kickz and Hitz as examples of programmes that are driven by national sporting organisations and have a real impact on the ground. StreetChance is an initiative that promotes cricket, and StreetGames works with national governing bodies to support athletics, table tennis, handball, gymnastics, badminton and rowing. Through the initiatives of such national sporting bodies, it is possible to reach out and offer young people the opportunity to engage in a multitude of sports.

In the remaining time available, I wish to pick up on some specific points raised by my hon. Friend. He was clear that he was not calling for a general increase in sporting participation, and that targeted intervention—rather than just dealing with crime—was the objective. I agree with him. He specifically called for robust data on such interventions, and for research to identify whether they provide value for money. That general call is welcomed by the Government. The whole thrust of our criminal justice reform programme is to move to a situation in which we are much clearer about the outcomes that programmes deliver. When resources are tight, it is particularly important to ensure that money is being well spent, and that is why we are increasingly moving towards payment by results in the delivery of criminal justice interventions, so that we can be certain that we are getting the outcomes we need.

In spite of the challenge of public spending, Government-funded programmes are continuing, specifically in relation to youth crime.[1] The Positive Futures programme will

1. *[Official Report, 20 December 2011, Vol. 537, c. 8MC.]*

continue until the end of 2013; thereafter, elected police and crime commissioners will have a budget that they can distribute for similar programmes, should they so choose. The Positive Futures programme delivers sports and arts-based activities that target and support vulnerable 10 to 19-year-olds in some of our most disadvantaged communities.

Although I accept my hon. Friend's injunction about targeted interventions, it is important to ensure that school children have access to sporting facilities—my hon. Friend the Member for North Swindon also raised that point—and that physical education is valued in schools. Physical education will continue to be compulsory for all pupils following the review of the national curriculum, and we are taking action to ensure that young people in local communities are not deprived of access to playing fields and sporting facilities.

As part of Sport England's £135 million "Places, People, Play" legacy programme, the Minister for Sport and the Olympics, and Sport England, recently launched a protecting playing fields initiative—a £10 million fund to protect and improve sports fields across the country. The programme will fund projects that create, develop and improve playing fields for sporting and community use, and offer long-term protection of those sites for sport. Sport England will run five £2 million funding rounds over the next three years, investing between £20,000 and £50,000 in schemes such as buying new playing field land, improving the condition of pitches through drainage, or bringing disused sports fields back into use. That is important; the issue is not only about role models, access and funding schemes; we must also ensure that facilities are available both inside and outside schools.

Again, I congratulate my hon. Friend the Member for Folkestone and Hythe on securing this debate. The Government accept the value of sport in reducing crime, and that responsibility is shared by them, local authorities, and by members of civil society and sporting organisations. I am sure that all hon. Members will have listened carefully to the contributions made by my hon. Friend and others during the debate today.

Mental Health (Veterans)

11 am

Hazel Blears (Salford and Eccles) (Lab): I am very grateful to have secured the debate. It has attracted interest from hon. Members on both sides of the House, who have offered me their support. Many hon. Members, in all parties, have pursued the issues relating to veterans for a considerable time and have been very effective in securing improvements in the way in which the country looks after and supports veterans.

I am here today because of a very special young man, Mr Neil Blower, who is one of my constituents. He is here to observe the debate. Incidentally, that is because of much appreciated help from Virgin West Coast Trains. We are glad that he has been able to make it here today. Neil is 28. He served in the Royal Tank Regiment for six years. He served a tour of duty as a peacekeeper in Kosovo and he was involved in the invasion of Iraq. He was in his tank when it was attacked at a vehicle checkpoint in Basra and he had the terrible experience of watching his sergeant be attacked and killed. He saw for himself the real and terrible horrors of war.

In 2005, Neil was discharged from the Army, suffering from post-traumatic stress disorder as a result of the horrific experiences that he had undergone. When Neil turned up at my surgery, I did not know what to expect. I thought that there would be issues about the practical help for veterans with mental health problems—issues about housing, employment and all the things that we associate with people adjusting to civilian life. What I did not appreciate was that I would meet someone who is incredibly articulate, passionate, committed and determined. Neil Blower is a very special individual indeed. I wanted to help him as much as I could in any event, but our discussion was quite enlightening to me. He told me not only of the problems that he had encountered when he left the Army—finding a home, looking for a job and trying to pick up the pieces of a normal life—but that he had discovered a new talent, a passion for writing, which had helped him to come to terms with the horrors that he witnessed during his Army service. He gave me his book to read. It is called "Shell Shock: the diary of Tommy Atkins". There is a warning on the front cover that it contains strong language, and it certainly does, but it also contains a deep insight and a profound humanity. I have read the book. It has the power to move people and to make them laugh. It certainly made me laugh, but it also moved me to tears.

As I said, the book is called "Shell Shock: the diary of Tommy Atkins." We all know the words of Rudyard Kipling in the poem "Tommy":

> "For it's Tommy this, an' Tommy that, an' 'Chuck him out, the brute!'
>
> But it's 'Saviour of 'is country' when the guns begin to shoot".

Neil's book is the diary of an ordinary soldier who has served in Iraq and Afghanistan, who has watched his friends die, who feels guilty that he has survived and who is struggling to come to terms with civilian life. If that sounds familiar, it's because it is. That is why this debate is so welcome.

Luckily, combat stress and post-traumatic stress are now widely recognised by our armed forces, but that was not always the case. During the first world war,

[Hazel Blears]

266 British soldiers were executed for desertion, 18 for cowardice, seven for leaving their posts, five for disobeying a lawful command and two for casting their weapons aside. Some of those men were no doubt victims of shell shock. Their families had to live not just with the loss of their brothers, husbands and sons, but with the shame, anger and humiliation of their deaths at the hands of the state. In 2006, a conditional posthumous pardon was granted in respect of those individuals. That was a big turning point in how the country approaches these matters. We have come a long way in recent years in recognising the problems experienced by those who have been in battle, and Governments of both parties have taken action to provide improved health services for both physical injuries and mental health problems, but there is still more for us to do.

I pay tribute to Combat Stress, which does a tremendous job in helping veterans and is the UK's leading military charity specialising in the care of veterans' mental health. It looks after people who have post-traumatic stress disorder, anxiety, depression, sometimes phobias and certainly nightmares and flashbacks—all the things associated with having been in the heat of battle and having a mental wound as a result.

Last year, Combat Stress received more than 1,400 new referrals—that is the scale of the problem. It has a current case load of more than 4,600 individuals, including 211 who have served in Afghanistan and 583 Iraq veterans. In March 2010, its patron, His Royal Highness the Prince of Wales, launched the Enemy Within appeal on behalf of Combat Stress. That is a three-year fundraising campaign to try to ensure that Combat Stress has the capacity to continue to treat the increasing numbers of people who are now, happily, coming forward with the problems that they have developed. I understand that on average it takes someone who has developed anxiety and depression after having experienced the horrors of battle an unbelievable 13 years to come forward. For some, it will be longer, and for others it will be a shorter period, but that length of time indicates the embarrassment and shame that people still feel and the stigma that there still is around mental health problems. Of course, that is not limited to military life; there is still a huge stigma about mental health problems across society as a whole. But I think that, when people have been in combat situations, it is even worse.

Sir Paul Beresford (Mole Valley) (Con): I am delighted to hear the praise for Combat Stress, which is located in my constituency. The right hon. Lady mentioned the figures. Is she aware that the rise in applications is running annually at about 12%, whereas the percentage of Government funding is dropping quite dramatically? I hope that she will touch on that.

Hazel Blears: Yes. The hon. Gentleman makes a very important point. The capacity of the people at Combat Stress to cope with the increasing number of referrals is of concern to all of us in the House, because they are specialists—they know what they are doing and are very effective. The best way to use Government funds is to put them into the services that we know achieve positive results, and Combat Stress has an excellent record. I will come to the issue of funding shortly.

Combat Stress provides very practical help. It is establishing 14 community outreach teams across the country. It has three short-stay treatment centres and it wants to enhance the clinical care that it provides at those centres; it wants to provide better clinical care. That is one of the uses to which any additional funds should be put. These are very specialised areas of intervention, and giving people the highest-quality clinical support is very important indeed. Since 2005, Combat Stress has seen a 72% increase in demand for its specialist services catering for veterans' mental health problems. The services are free of charge to veterans, so they have to be financed through fundraising and from public sources as well.

A number of veterans leave the armed forces with very severe psychological wounds. Post-traumatic stress disorder can go on for a long time—for years, in fact. These conditions are not susceptible to easy treatment. Therefore, there needs to be a sustained commitment to funding and support for organisations such as Combat Stress.

Combat Stress also offers a 24-hour helpline. That provides confidential help not just to people who have been in the military, but, crucially, to their families. We sometimes forget the huge impact on the families of veterans suffering from mental health problems. If people commonly have nightmares and panic attacks, lose their temper and occasionally become violent, the impact on families can be enormous. The 24-hour helpline is therefore a practical way for people to get emergency help when a situation gets out of control.

Combat Stress has an expanding outreach service. It has a team of mental health practitioners, community psychiatric nurses and regional welfare officers. It has three centres, in Shropshire, Surrey and Ayrshire. In September, it introduced a six-week veterans programme, which provides enhanced treatment for people with complicated presentations—it is intended really to dig deep and to delve into all the symptoms people exhibit.

Combat Stress also has a well-being and rehabilitation programme, which is available to all the veterans in the short-stay treatment centres. The programme uses a really structured occupational therapy model, which draws on best practice in civilian mental health. It includes employment mentoring and life skills workshops, and it deals with the practical issues of rehabilitation so that people can take up social activities in the community, which they may have lost touch with while they had post-traumatic stress disorder.

Combat Stress is absolutely the leading organisation in this field in terms of expertise. It now has a partnership agreement with the Ministry of Defence and the Department of Health, and £350,000 of investment was recently agreed, which is, of course, very welcome. Despite that, however, Combat Stress is still feeling the pressure, as the hon. Member for Mole Valley (Sir Paul Beresford) said, and that pressure is likely to increase. I therefore asked it what it was looking for from Ministers, and I want to put to the Minister the points it raised so that he can address them.

First, Combat Stress is looking for increased recognition of the number of people who are beginning to disclose that they have post-traumatic stress disorder, especially given that an increasing number of servicemen are being withdrawn from the combat zones we have had in

Iraq and Afghanistan. As these people come home, the pressures will build, and more and more of them will need services.

Combat Stress estimates that 960 of the service personnel leaving the armed forces in 2012 are likely to suffer from post-traumatic stress disorder, while about 4,700—a huge number to cope with—are likely to suffer from a more common mental illness, such as depression or anxiety. That is the nature of the problem. Combat Stress's services are running at capacity and demand is going up, so my first question to the Minister is whether the MOD and the Department of Health, which is responsible for treatment, recognise that this problem, which will increase, should be firmly on the agenda.

Combat Stress's second request is for increased capacity. The organisation is now extremely well known, so anybody who is in the circumstances I have described turns to it for help. The last thing Combat Stress wants to do is to turn people away because it does not have the facilities to cope. Can the Minister therefore tell us whether any planning is being done to deal with this issue? What proposals are there to meet the increased demand over the next few years? Where will the investment go? There will be investment in NHS facilities, but the facilities I am talking about, which are close to people and their families, can make a huge contribution in addition to that made by the NHS. I would therefore like to hear what specific proposals the Minister has to provide more funding, more resource and more capacity, particularly for Combat Stress's outreach work and its 14 outreach teams, which will be extremely helpful for people suffering from the problems I have mentioned.

The third issue I want to raise with the Minister is the stigma around these conditions. There is much more to be done on this. Some 81% of veterans with a mental illness feel ashamed or embarrassed, which sometimes prevents them from seeking the help they absolutely need if they are to get well. One in three veterans—this is a very sad figure—are too ashamed even to tell their families about their mental health problems. I can only imagine what it must be like to live in a family with someone who becomes withdrawn, who is no longer part of the family, who suffers from all the symptoms I have described and who is often in a desperate state and too embarrassed to tell the other members of the family how they feel.

The Government—indeed, all of us—have a job of work to do to raise the profile of these issues and to remove the stigma around them. These things happen in conditions of war, and we should not be embarrassed or ashamed about them. We should do our utmost to help people in such circumstances. I welcome the MOD campaign on this, which is called "Don't bottle it up". It is a good way of starting to get rid of the stigma, but more could be done.

Mr James Gray (North Wiltshire) (Con): The right hon. Lady is talking a great deal of sense. Allied to the question of stigma is people's failure to recognise symptoms in themselves. People often suffer some of these things many years after the incident that caused them. Does she agree that another role the NHS could usefully play would be to advertise some of the symptoms and causes of these unfortunate mental disorders so that people actually recognise what is happening to them?

Hazel Blears: The hon. Gentleman makes an extremely good and practical point. The NHS runs public health campaigns about a range of issues that affect people, such as smoking and obesity. If we could normalise mental health in that way to some extent, people would feel much more comfortable about coming forward and saying they have a problem. One symptom of post-traumatic stress disorder is that people often resort to drugs or alcohol and end up with alcohol problems, not recognising that there are severe mental health problems underneath them. The prisons have recognised that about 50% of ex-service people in prison could well be suffering from post-traumatic stress disorder, and that is estimated to cost the nation about £300 million a year. This is a good example of a public health issue, and taking the approach I have described could not only result in significant savings, but contribute to the well-being of all those who are suffering. The hon. Gentleman makes a good point.

Sir Paul Beresford: On the same sort of theme, when veterans leave the forces, it is frequently 12 to 14 years before they present, as Combat Stress says. In the meantime, as the right hon. Lady has said, families, communities and so on can face havoc. The United States and the United Kingdom have a decommissioning period in which they help people leaving the armed forces, but ours is very short. The United States actually targets individuals so that they can be picked up and referred before they get into the community. The funding that she talks about will come predominantly from the NHS, and the Minister cannot really speak for the Department of Health. However, he can speak about what the Ministry of Defence can do to catch people early, before they do any damage to themselves or others.

Hazel Blears: The hon. Gentleman touches on a good point, which relates not quite to prevention, but certainly to early intervention before problems get worse. I am coming to the funding that will be supplied by the Big Lottery Fund, which will specifically target this issue, and it, too, is a good step forward. One issue is how we co-ordinate all the funding going through the NHS, Combat Stress and the Big Lottery Fund to make sure that we provide a really good wraparound service.

I want to say a word about the Big Lottery Fund investment. Over the next few years, the Big Lottery Fund will put £35 million into this issue. It is setting up a trust called Forces in Mind, which will provide long-term support and advocacy across the United Kingdom—it is important that ex-forces personnel have someone to speak on their behalf. The trust is about people making a successful transition back into civilian life. It will work with the people who have served in Iraq and Afghanistan. It will look at mental health, family breakdown and alcohol-related problems, which are absolutely pressing.

The trust involves a partnership between the Mental Health Foundation, the Centre for Mental Health, the Confederation of British Service and Ex-Service Organisations and the Shaw Trust. It therefore includes a number of good organisations that have reach into these areas, which is positive.

The trust had its business plan approved by the Big Lottery Fund board last month, and it has three early projects, which I will say a quick word about. The first is

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the early service leavers trial, and the hon. Member for Mole Valley touched on the issues it deals with. It is called "Future Horizons" and it is an enhanced transition programme for those who leave the services early, but who currently get no support from the armed forces. One thousand such people recruited from across the UK will go to Catterick garrison. They will get 12 months —this is a long-term programme—of enhanced support with finding jobs and accommodation, as well as guidance with educational problems and mental health issues. Twenty-six different community organisations are involved, so, again, there is good local reach. That is the beginning of what the hon. Gentleman seeks—an enhanced transition. It is no good giving people help for six weeks when they are looking for a job, trying to find a home and trying to get back into life. A 12-month programme will therefore be very helpful.

Another project will involve SSAFA Forces Help, which was the Soldiers, Sailors, Airmen and Families Association. It will work with the Mentoring and Befriending Foundation, TimeBank, Shoulder to Shoulder, the British Association for Counselling and Psychotherapy and Help for Heroes—again, it is a big consortium. Working with Cruse Bereavement Care, it will support people who are bereaved. Cruse is renowned for working with bereaved families. It is expert in counselling and support and will be a crucial part of the partnership, which will work with the widows, widowers, partners, children and siblings of those who have been killed, covering the whole range.

The other project, which will come on stream quite early, is with mentoring organisations. It will involve early service leavers who are under 24, so very vulnerable young people will get a specific mentor to help them through the transition—a buddy to be side by side with them, if you like. Younger people are often more vulnerable and their problems can be very long term. If we can intervene early, perhaps the transition can be more effective. The money from the Big Lottery Fund is therefore very welcome, but in my view it does not absolve the Minister from looking at other Government resources that might help. I am sure that we will all be interested to hear from him.

Neil Blower, my constituent, has made me much more aware of the problems faced by people than I ever was before, and I am grateful to him for that. I asked Neil, as I asked Combat Stress, what one thing he would really want to happen. What is his wish to help veterans in such circumstances? Neil has been lucky enough to be admitted on to the degree course in creative writing at the university of Salford and he has had his first book published—something that many budding authors never achieve. He hopes to go on to have a career as a writer, and I am sure that he will be successful. He wishes that there were a Tommy Atkins scholarship fund, and I would like the Minister to consider that seriously. It would be akin to the GI Bill in America, whereby the American Government paid for servicemen and women, after the Korean war, to go to university when they left the forces. That helped them to go from combat to classroom. Supporting some of our forces to realise their talent and potential through access to higher education would be a tremendous step forward.

Neil is busy costing the project and I am sure that we will come back to the Minister at a later date with a detailed proposition. Giving people the chance to have an outlet into higher education, whether to enter teaching or another important area of life, would help them with job seeking and give them more skills and a better chance in the labour market. Neil felt that, for him, education was a great way to deal with his mental health issues. It helped him enormously. He felt that he was doing something worth while, it made him feel as if he belonged and made him feel part of society again. The power of education therefore can be of tremendous benefit.

I am not on a sales trip, but Neil's book is available and I urge as many Members as possible to get it. I did not know what to expect from that little volume. It is short, but incredibly moving, and I want to finish with a quote from it. I do not want to give away the ending completely, but in the book, Tommy Atkins is at the end of his tether. He has come home and life is terrible. He breaks up with his girlfriend, his mum and dad break up and a series of terrible events happen to him. I am sure that such things happen to an awful lot of people in these circumstances. He gets to the point where he is absolutely desperate and it is so difficult for him to carry on that he thinks of taking his own life, but then something kicks in inside his head: "This was a coward's way out. I was a British soldier and we don't do that. We never surrender and we never give up. That is for other people. I realise that, despite all the pain and heartache and suffering that there is in the world, there is good as well—there is good in this world. The love of another, the bonds between family, friendship—these are the things that I fought for. These things are still worth fighting for and they are worth staying alive for. I will love my mum and dad whether they are together or not. I just want them both to be happy. I will meet another girl and fall in love again. I will always remember the friends I've lost—Kev, Johnno, the serg, Jamie. I will honour their memory by living, by leading a good life. I stood in the mirror and looked at my medals, then I did the bravest thing I have ever done. I picked up the phone, I rang Combat Stress and I told them about me. I told them what I was feeling and I felt a great weight lifted from my shoulders."

That, for me, is the best summary that I can give of the experience of Tommy Atkins and all those thousands like him. From this book, we can all rededicate ourselves to ensuring that we press for better understanding and better support to improve the lives of those who have given so much for all of us. I am grateful for being granted the debate this morning.

11.25 am

Oliver Colville (Plymouth, Sutton and Devonport) (Con): I congratulate the right hon. Member for Salford and Eccles (Hazel Blears) on securing the debate. It is on an issue that I have spoken about on one or two occasions. I am delighted to say that in my maiden speech I gave warning and notice to my right hon. Friend the Minister that I was likely to carry on banging on about it. I am therefore grateful to have the opportunity to do so. A big problem with such debates is that the issues are covered by not only the Ministry of Defence

but the Department of Health, and it would be helpful if we could, at some stage, get a Minister to come to talk about the health implications of what we want.

The right hon. Lady has given a very good briefing on Combat Stress, and I, like her, have been to talk to that organisation. It has been incredibly good at ensuring that I am kept informed and have an understanding of exactly where the problems are. Of course, we have heard a lot about the concentration and focus on veterans who have come out of Iraq or Afghanistan, but we must remember that people who were involved in conflicts in Northern Ireland will also need help. They also make up a significant number of the casualties who were created from that long and bloody conflict.

We talked at some length about how there will be an increasing number of people dealing with combat stress over the years. The Government have announced that we will withdraw from the Afghanistan conflict by 2014, but activities will continue there. During a trip that I made to Afghanistan a couple of weeks ago, I was told that although the troops will not go out on patrol, we will almost certainly need to support and help those in the Afghan army and police, who will need guidance. I am in no doubt at all that elements in the Afghan resistance will seek to ensure that our troops are subject to many attacks.

I grew up with these issues. My father went into the Royal Navy at 14, and was awarded the distinguished service cross for his activities in Narvik. He told me, when I was a child and a teenager, of how it was that he had been responsible for trying to take the head of one of the people he had served in a cabin with to throw it over the side when it was blown off in action. Fortunately, that did not have an impact on us as children. He was a very normal man and lived a full and active life until he was 89, but there was a real chance that such activity could have had a significant impact, not only on my mother, who, I have to say, had the most wonderful sense of humour, but on us, as children. We have all come out, I hope, reasonably sane and balanced.

The other day, I visited the Royal Marines in Exeter. One person told me a sad story of how when he had served abroad in action, he came back and wanted to talk to his wife about what he had faced. He wife looked at him and said, "Don't start talking to me about any of that. I've had a damn awful day as well. I've had to deal with 300 e-mails, so that's my priority", so he did not talk to her about it. He tried to talk to his mates, who were not involved in the armed services, but they found it very difficult to understand, so he had to find his fellow servicemen—Royal Marine friends—who lived in Aylesbury, where he came from, and talk to them. It was only by having that opportunity to share his experiences that he saw what was going on.

I represent Plymouth, Sutton and Devonport, and it is a great pleasure to do so. We have just, literally, had 3 Commando Brigade come back from Afghanistan, and I think it also has some of the scars that come with that.

I am delighted that we have accepted the military covenant into law. I hope that the Secretary of State's regular reports on that issue will be informed, and that we will be able to talk about mental health. I congratulate my hon. Friend the Member for South West Wiltshire (Dr Murrison) on writing the paper called, "Fighting Fit". I think that that was the benchmark for ensuring that we were able to produce a strategy, and we are taking the issue more seriously.

I am also concerned about the reservists. We are enormously good at talking about regular service personnel, but we do not talk too much about reservists, although I know that my hon. Friend the Member for Canterbury (Mr Brazier) has been doing an extraordinarily large amount of work on this. I was talking to the British Legion the other day, and it told me how it did not seem possible to share information on reservists with charities that are delivering support and help. Could we look at that? Can we make sure that the information is much more readily available, so that people such as Combat Stress and the British Legion are aware of exactly where the issue is going to?

Mr Gray: There is a particular problem regarding the Territorial Army and reservists in general. Whereas a regimental family closes around someone among the regulars who is bereaved or has mental problems, and regulars tend to live in the same place as where they are serving, reservists often come from right across the land, and there is a much less strong regimental hierarchy to look after them. Reservists need particular help from the Ministry of Defence.

Oliver Colvile: I was just about to make that point. Those people work and live in isolation. The problems that they have with decompression are enormous. When they come back, they do not necessarily have the same amount of time as regulars do to unwind and be debriefed. We need to look at that issue. When I was talking to a senior Royal Marine the other day, he said that it would be helpful if the decompression time for reservists could be longer. I urge the Minister to consider that.

Another issue that we need to look at is how the national health service is dealing with the matter. As I said, the question is not just about how the MOD deals with the issue, although the Minister has been doing excellent work on veterans. I support the way in which we will change the structures of the NHS. I voted for the legislation, and I think it is the right way of going about it, but will our general practitioners and commissioning boards be able to manage the matter? If GPs commission such services, how far up the agenda is the mental health issue going to be? How will policies be implemented? Will we have lead GPs taking an interest? I will most certainly be asking my GP commissioning board down in Plymouth how it is proposing to manage the issue. We must think the matter through. We in this place can pass legislation easily, but we must ensure that it is implemented and that we monitor the results.

Sir Paul Beresford: That issue was raised with the previous Government. Some time between then and now, national commissioning of Combat Stress long courses was introduced. My hon. Friend is absolutely right about the recommendations of potential patients and about the other niche groups and niche courses. The Department of Health will need to look at the issue.

Oliver Colvile: I think that that is right. Local authorities also have to be involved. They will now take increasing responsibility for the matter. I was talking to the leader

[Oliver Colvile]

of my council last week, and she explained that until recently, the primary care trust had not been that interested in engaging on some of those big issues. I will be interested to know how that will happen. The whole story of mental health, as the right hon. Member for Salford and Eccles said, is an important issue.

We closely support our armed forces and veterans. Some of us—I happen to agree—are not convinced that we have handled the politics of what is going on in Afghanistan particularly brilliantly. However, if we are going to support our armed services, we must ensure that we look after them properly and that they come out with good results. How we deal with the issue of mental health will be paramount. As others have said, there are issues regarding licensing. In Plymouth, we have significantly more licensed premises than in Liverpool. That is a big issue. When people get depressed, they end up turning to alcohol and other substances. We must ensure that there is a joined-up and co-ordinated approach.

If we do not deal with the issue, we will have problems with our infrastructure, not only of the health service but of education. I heard a story that it is not mainly what comes out in the health stories but what happens in the home that is absolutely, utterly and desperately important. That is where all the problems kick off, and they do not become apparent until significantly later.

Mr Dobbin, thank you for allowing me to talk about the matter. I feel absolutely serious about the issue. It has been a great pleasure and honour to follow the right hon. Member for Salford and Eccles.

11.36 am

Ian Paisley (North Antrim) (DUP): I, too, add my congratulations to the right hon. Member for Salford and Eccles (Hazel Blears) on securing this important debate today. Raising the profile of the matter will in itself do much to enhance public recognition of the issue, and she spoke passionately and poignantly about the need to achieve that.

The hon. Member for Plymouth, Sutton and Devonport (Oliver Colvile) made an excellent point in his comments, which is that we must cast the net a lot wider than the immediate conflicts that we are aware of in Iraq and Afghanistan. It will not be unusual for Members to hear me speak about what has happened in Northern Ireland. We have a walking community of forgotten heroes who have served the nation well and with gallantry, from the Ulster Defence Regiment, the Royal Irish Regiment, the British regular Army and the Royal Ulster Constabulary. Only today, as the situation has normalised, has there been a true opening and unfolding of the trauma and devastation in the lives of individuals who gave service to this nation, and the effect that the conflict had on their families. Families lived with service personnel who not only served our country but lived within the community that they were serving—it was a double impact. It is only now, in this new Northern Ireland, in a more peaceful society, that that is starting to unravel and unfold. We must ensure, as we have started to peel back the issue and look at what could be an appalling vista, that we as a country recognise that we have a responsibility to address the concerns that we are starting to discover.

Several former soldiers, from the Ulster Defence Regiment in particular, visited me in my constituency office. They had stopped serving in the late '80s and early '90s, and yet they were still talking about things that they saw that are impacting their lives now. They look back and recognise that the awful pictures that flash in their memory have had an impact on how they have lived their lives in the past 20 years, and on members of their community and family.

Mr Gray: What the hon. Gentleman is saying with great passion brings to mind an episode yesterday. My hon. Friend the Member for Beckenham (Bob Stewart) was entertaining on the Terrace of the House of Commons one of the widows from the outrage of Ballykelly all those years ago, when 20-odd souls were killed in a pub. My hon. Friend was reminiscing about how he cradled his lance corporal in his arms. His lance corporal had lost all four limbs before he died. What sort of effect does that have, not on my hon. Friend—I am glad to say—who is remarkably well-balanced, but on any less well-balanced soldier? What possible effect will that have on the rest of their lives?

Ian Paisley: The hon. Gentleman makes a very important point. I also had a constituent who visited me about this problem. He was a big, strong, tough frame of a man, but he was like a quivering autumn leaf when he started to tell me about what he had seen and what he remembered. Indeed, his constant memory was the sound of the scrape, scrape, scrape of the shovel that he had used to put his comrades and colleagues into a waste disposal bag after an outrage by the Provisional IRA. It is a burning memory that he will never forget and that woke him in the dead of night, leaving him soaked in sweat and crying out in fear, and yet it is a memory that he has had to bottle up and carry with him.

As a nation, we must take responsibility and recognise that there are things that can be done for these people we are talking about. They are not hopeless people; they are people whom we can actually give hope to, if, as the right hon. Member for Salford and Eccles said, we first help to remove the stigma, and help people to recognise that there is help available and that they will not be stigmatised by going for that help. In fact, that help will only be of benefit to this community, this nation and indeed the NHS, which will have fewer problems to deal with as the years go on.

I hope that the passionate words that the right hon. Member for Salford and Eccles put to this House this morning will be recognised and that we also recognise that post-traumatic stress disorder is not only about the immediate battles that we are aware of today but about the long-term problems that our country faces. More than 100,000 gallant soldiers from our nation passed through Northern Ireland in service and we are just starting to scrape the surface of this issue when we recognise that, 20 or 30 years after the conflict ends, there could be people who will come forward to say, "I have a problem because of what I saw, because of what I witnessed and because of what I went through as a serving personnel officer in Northern Ireland." We must ensure that that issue is properly recognised.

The right hon. Member for Salford and Eccles spoke about the capacity to take on board the cases that will come forward. I want to see that capacity extended, to

ensure that the needs of Northern Ireland and of the soldiers there are also taken on board. The Big Lottery Fund money—the £35 million—that has been brought to our attention today will be a welcome spend and of course it must include spending on people who served in Northern Ireland under Operation Banner, to ensure that their issues are properly addressed.

I want to make a final point about the issue of stigma. We need a public champion who can be identified with this issue and whose association with it will give a boost and encouragement to those soldiers who are sitting at home, and perhaps staring into an empty glass, contemplating self-harm or having a fight with their children or other family members. That public champion will give those soldiers the ability to say, "There is someone who can help me; there is an organisation addressing what has affected me, and I can now see that I have someone to shoulder this burden and someone who can be a help or a crutch", at the most important time—when they are at their most vulnerable. I hope that that public champion can be identified.

In addition, I love the idea of a GI Bill or something similar for the UK. There would be so much opportunity with such a Bill that we could build on, and I think that we could do things even better than they have been done in the US because this is a nation of people who come up with even better ideas than people in other nations do. We could learn from what has been done in the United States and come up with something really tremendous. I hope that this debate itself acts as a springboard and is a very hopeful and positive start to something that we can take great pride in.

11.44 am

Stephen Gilbert (St Austell and Newquay) (LD): Thank you very much, Mr Dobbin, for calling me to speak. It is a great pleasure to serve under your chairmanship.

I congratulate the right hon. Member for Salford and Eccles (Hazel Blears) on securing this very important debate and on the passionate way in which she outlined her case on behalf of her constituent.

I think that we all know that there are about 5 million veterans in the United Kingdom and that a further 20,000 personnel leave our armed forces each year. Having recently returned from a visit to British forces in Afghanistan—a visit I was joined on by my hon. Friend the Member for Plymouth, Sutton and Devonport (Oliver Colvile)—I will take a moment to praise the work of the men and women in our armed forces. They put themselves in harm's way and they do a terrific job under very difficult circumstances. Of course, it is not only the right hon. Lady's constituent who is a hero, although I am sure that he is a hero; all the men and women in our armed forces are heroes and heroines too.

In addition, I think that we all know that the transition from military life to civilian life will always be challenging. Of the 20,000 personnel who leave the armed forces each year, about 10%, or 2,000, are discharged for medical reasons and of that number about 10%, or 200, are identified as having one form of mental illness or another. That group of approximately 200 personnel are only 1% of the number of personnel who leave the armed forces each year, but these numbers that I am citing are not insignificant. Last year, 164 personnel had to leave the armed forces due to psychological problems and of that number 35 were diagnosed with post-traumatic stress disorder. We have heard a lot this morning about PTSD, but it is not the mental health illness that is most commonly experienced by armed forces personnel. Depression, anxiety and alcohol abuse are far more prevalent, especially among young men leaving the service early. Indeed, those young men who leave the armed forces within four years of enlisting have been identified as a particularly vulnerable group.

Susan Elan Jones (Clwyd South) (Lab): I am most grateful to the hon. Gentleman for giving way and to my right hon. Friend the Member for Salford and Eccles (Hazel Blears) for securing this debate. Does the hon. Gentleman agree that one very important issue in this debate is homelessness among veterans, which is closely linked with other problems affecting veterans? When I worked for a housing charity in London, I was struck by the fact that I did not have to speak too long to people working in night shelters before they made the point that there is always a certain percentage of veterans who are homeless on our streets, and that homelessness is a problem that is related to the other problems affecting veterans.

Stephen Gilbert: I am very grateful to the hon. Lady for that intervention, and she could not be more right about that issue. I chair the all-party group on housing and I have made it a particular business of mine to look at homelessness; in fact, I have applied to speak in an Adjournment debate on that very issue, Mr Dobbin. When I talk to organisations such as Centrepoint or St Mungo's, it is absolutely clear that there is a particular problem with people who leave our armed forces and who are unable to adapt to civilian life and stabilise their housing needs. The hon. Lady makes a point that I hope the Minister will find time to address when he winds up the debate.

Mr Gray: I just wanted to intervene on that particular point, before the hon. Gentleman moves on. It is often anecdotally said that there are more people living on the streets who are from a service background than there are civilians and it is also anecdotally reported that there is a higher proportion of people in prison from the armed forces than there should be. However, I suspect that there has not been a proper statistical analysis of either of those issues and perhaps one of the things that the Government could usefully do is to come up with some hard facts to establish whether or not the anecdotal reports about those issues are actually correct.

Stephen Gilbert: My hon. Friend steals one of the key points that I was going to ask the Minister to respond to, but hopefully the fact that we are both making the same point will be better than just one of us making it, and so I am very grateful to my hon. Friend for that intervention.

The risk of suicide in army males under the age of 24 is two or three times greater than that of young males in the same age group in the general population. A recent study of 9,000 veterans showed that 20% of them had symptoms of common mental health problems and that 13% had symptoms of alcohol misuse. The right hon. Member for Salford and Eccles is absolutely right that we should be entirely clear that mental health issues can affect anybody in any part of the population, and that

[Stephen Gilbert]

we should try to move away from the stigma that is all too frequently associated with those issues. Indeed, it is my understanding that 25%, or a quarter, of British adults experience at least one diagnosable mental health problem in any one year, and that one in six experiences such a problem at any given time. Mental health problems are very pervasive in our society and we must tackle the taboo about discussing them.

I have spoken before in the House about the harm that alcohol abuse can cause, and that same study of veterans showed that 40% of the veterans who responded met the criteria for heavy drinkers; 27% of them met the criteria for very heavy drinkers; and 15% of them were classed as problem drinkers. Again, young men in the armed forces are more at risk than young men in the general population, with 36% of 16 to 19-year-olds in the armed forces drinking harmful amounts compared to just 8% of 16 to 19-year-olds in the general population.

It is right and proper that we do all we can to help those who have served our country, and not only while they are serving but after they leave the armed forces. That is why I welcome the recent pilots by the Department of Health and the Ministry of Defence to ensure that NHS health professionals have the appropriate support and available expertise to treat veterans with mental health problems. The four national health Departments, the UK Ministry of Defence and the charity Combat Stress have been working together closely to develop and pilot a new model of community-based mental health care, and I particularly welcome the fact that one of the pilots is in Liskeard in Cornwall, which is close to my constituency.

Nevertheless, we need to see what else we can do. At the moment, the support offered for the reintegration of former service personnel into civilian life is proportionate to the time they have served but, as we have seen, those with mental issues and other illnesses often need the most help, and we need to consider whether we have right the balance between the time we are putting into their transition and their needs. We also must ensure that when people leave armed forces medical care, their transfer into the NHS is seamless. My hon. Friend the Member for Plymouth, Sutton and Devonport made it absolutely clear that we need to look again at what happens to our reserve and territorial forces when they are demobilised, as they are increasingly part of our war-fighting mix. I welcome the previous Government's reserves mental health programme, which aimed to tackle some of these issues.

We must redouble our efforts to raise awareness in the NHS, to help veterans who are concerned about their mental health. And it is not just within the NHS; there is an issue closer to the Minister's own Department. The MOD's website has only one link buried within it to a charitable organisation that can help with these kinds of issues, and I ask the Minister to undertake to see whether the website could be looked at, and the links made more prominent, so that people who are clicking through will be better signposted towards help.

In all the defence establishments that I have visited during the 18 months I have been an MP, and before that as a parliamentary candidate, I have seen awfully large numbers of posters, notice boards and other ways of conveying information to our forces, and I wonder whether they are being adequately exploited to signpost our armed service personnel to the help that they need. As my hon. Friend the Member for North Wiltshire (Mr Gray) pointed out, we need more analysis and research into the wider consequences, and into whether we are providing the seamless support that we should, and to families as well.

Our service personnel never let us down. We ask them to do a difficult job under very difficult circumstances and they are prepared to make the ultimate sacrifice, so it is vital that this Government maintain the military contract post their departure from uniformed service. We must not let them down either.

11.52 am

Mr James Gray (North Wiltshire) (Con): I did not intend to speak, and I see the little time available to us, so if I may I will hold the House for just a few minutes before the shadow Minister does her bit and the Minister, from whom I very much look forward to hearing, speaks.

First, I pay a warm tribute to everyone who has spoken so far in the debate, in particular to the right hon. Member for Salford and Eccles (Hazel Blears). She and I might not agree on many subjects, but on this one I think we are entirely ad idem. Everything she said was absolutely right. This issue is terribly important and she has raised it in a timely way. I also pay particular tribute to my next-door neighbour, in constituency terms, my hon. Friend the Member for South West Wiltshire (Dr Murrison), whose seminal work on this subject fulfilled a coalition agreement commitment to do something about the mental health conditions of the armed services. His report was extremely good, and it has given the Government a series of pointers as to what they can now do about this terrible problem.

I think that we are unanimous about the fact that there is this problem. I was struck by a conversation I had yesterday with my hon. Friend the Member for Beckenham (Bob Stewart), who sends his apologies for not being here. He was having a drink on the terrace with a young lady who was the widow of one of his soldiers. He recounted how when he was digging into the pub in Ballykelly, she insisted on calling him "sir" throughout the time she was struggling to escape from the mud and dirt, and how he said, "You don't need to call me 'sir' under these conditions. Your husband is dead beside you; we can forget the 'sir'." What kind of effect can that kind of episode, in which someone cradles a dying soldier who has lost all four limbs, have on those who are left behind? My hon. Friend is one of the most well-balanced individuals I know, and I am not for a second suggesting that he has any such problems, but how many people will have had similar experiences in Afghanistan and Iraq, and how many soldiers who have had such an experience know what effect it will have on them in later life?

I remember speaking to a 19-year-old sniper when I was visiting Afghanistan last year. I asked him, "How many confirmed kills have you got as a sniper?" and he replied, "I've got 34 confirmed, and a further 26 probables", so something like 50 or 60. I asked, "Doesn't that worry you?" and he said, "No, sir, it's no trouble at all. It's a blur at the end of the sight, and I pull the trigger and do my job and that's that. It has absolutely no effect

whatsoever." Who are we to say whether when that young lad is 50 or 60 he will have some form of effect from that experience? It is therefore incredibly important that we address this grave issue. I pay tribute to Help for Heroes and to my constituents in Wootton Bassett and across the area, who have done great stuff with bereaved families and soldiers coming back from theatre of war with injuries, but this is a much more invisible problem. We should be just as aware of it, even though the average time before a patient realises his problem is 14 years after the incident, and it may well be 20 or 30 years. It is important that as a society we do something about the problem.

Having agreed that—I am sure that everyone here today will strongly be in agreement—it is much more difficult to say precisely what to do. It is very easy to say, "Isn't this an awful problem? Mustn't we do something about it?" Well, yes, but what do we actually do? Two or three interesting proposals have come up in the debate. The first, and as I come from the Territorial Army myself I think this is very important, is that we should ask the reserve forces carefully to consider precisely what they can do. Very often, TA people coming back from the theatre of war leave the reserve forces within a year or two. They do not particularly want to carry on much beyond that, and they then disappear into civilian life and are gone for ever. We do not know where they are or who they are, and they may well be suffering from these same problems. We must find a way of pinning down where our reserve forces go when they retire, and do something about it.

[Mrs Linda Riordan *in the Chair*]

The second problem that people talked about very convincingly earlier was that of stigma and of people feeling that they do not want to come forward, and I think that that particularly applies to the testosterone-filled young men we send off to war—and women to a degree, but not the testosterone. They come back and do not want to say, "I'm a bit daft. I've gone a bit loopy. There's something wrong with me." The ethos is not to say that, and we have to find a way of encouraging them to believe that it is a normal thing to do, that they can perfectly sensibly bring themselves forward and say, "I've got a problem here, and I need some help."

One thing we might want to think about doing is this. Some 10 or 15 years ago, our servicemen coming back injured from the theatre of war felt very uncomfortable being in civilian wards in Birmingham. No one is saying that they were not well looked after, but only a year or two after the conflicts began the previous Government introduced military-style care in Birmingham. Armed servicemen feel at home and relaxed in such an arena, and I think that something similar has to apply to mental health. Too many civilian mental health workers do not understand the problems, which may well present many years after the incidents that cause them. Particularly in areas such as mine and that of my hon. Friend the Member for Plymouth, Sutton and Devonport (Oliver Colvile), where there are very large numbers of armed servicemen, we have to find a way of saying to our primary care trusts, "This sort of problem is coming your way over the years. You have to find a quasi-military way of dealing with it. You have to realise that military life is different from civilian life and that these are different problems from civilian mental health problems, so let's find a specifically military way of dealing with them. Let's keep in touch with the armed services and find out precisely what they know about post-traumatic stress disorder and the rest of it, and let's find a military solution to what is a military problem, albeit within a civilian environment."

This has been a useful debate. We have raised the issue very satisfactorily and the armed services, which are aware of the problems, will, I think, be grateful to us for having done so. But it is very easy to do two things. First, it is easy to exaggerate the problem, and it would be useful if the Minister could initiate a statistical analysis of how many people it affects in a real sense. Earlier, we discussed prisons, alcohol and homelessness. How much of that is caused specifically by combat, and how much is in the normal run of human beings? There are 200,000 people in the armed services. A number of them will be drunken or homeless. That is the nature of the beast. How much of that is caused by military service, and how much is incidental to it?

So first, we must not exaggerate the issue. Secondly, we must not just take political capital from expressing our sympathy and concern; in debates such as this, we must make specific proposals about what we can actually do to lessen this problem in our society. I look forward to hearing from the shadow Minister and, perhaps more importantly, from the Minister, on what we can do about this dreadful problem.

12 noon

Gemma Doyle (West Dunbartonshire) (Lab/Co-op): I, too, congratulate my right hon. Friend the Member for Salford and Eccles (Hazel Blears) on securing this debate on an important and topical issue. More importantly, I thank Neil for coming along today and allowing us to hear his story, which has both provided a context for our discussion and put a face on the issue that we are debating.

I welcome the opportunity to discuss these issues with the Under-Secretary of State for Defence, the right hon. Member for South Leicestershire (Mr Robathan). We have spent much time during the past year discussing the Armed Forces Bill and the armed forces covenant. The Bill has now received Royal Assent, so it is perhaps fitting that as we come to the end of the year, we are again discussing the welfare of our brave serving personnel and veterans and the impact on their families.

My right hon. Friend painted an honest and vivid picture of the problem of veterans' mental health. It is easy to be preoccupied with the scenes from Afghanistan that we still see and not to pay as much attention to the issues facing service personnel and their families when they leave the forces or return from theatre. We know that they are skilled, highly trained and resilient people, but more than 180,000 personnel have served in Iraq, Afghanistan and elsewhere, as we have heard, and a significant number will have returned with mental ill health or will, sadly, go on to develop problems later in life. We should be prepared to deal with that and ensure that the right facilities and support are in place to diagnose and treat such conditions.

Significant progress has been made in recent years, particularly through mental health pilot schemes and work done since then, to improve support and treatment for personnel suffering from mental health problems, but no party has a monopoly on wisdom when it comes

[Gemma Doyle]

to improving services for our forces. We have all met constituents who have told us about their experiences. We have heard about some of those and about Members' personal experiences of the issues.

I emphasise the importance of the current campaign by Combat Stress about the stigma attached to mental health, which my right hon. Friend mentioned. Combat Stress provides an invaluable service to veterans around the country. Its centres and outreach work allow veterans to get the help and support that they need in a specialised environment, along with other veterans going through similar experiences. Combat Stress's "The Enemy Within" campaign seeks to tackle the stigma that, unfortunately, can be a barrier to people getting the support and help that they need.

However, the work of Combat Stress and of many other important organisations and charities such as the Royal British Legion should not give the Ministry of Defence or the Government an excuse to opt out of their responsibilities, or indeed ours. It is important that we do not view the services offered by the voluntary and charitable sector as a replacement for acting ourselves. Such organisations should complement, not replace, the services that the Government offer. The voluntary and charitable sector is facing a tough time at the moment. Forces charities are spared some of that pain by generous ongoing public support, but we should not assume that those services will always exist and will always have enough funding to run.

Government should decide what services they have a duty to provide and should fund them properly. The Government need not always be the vehicle to deliver those services, as we have heard, but they can fund experts such as Combat Stress to do so on their behalf. This Government should also consider how mental health services for veterans or anyone else who needs them can be guaranteed when their national health service reforms are removing accountability. Again, we have discussed that already.

Those in the forces are trained to be strong, resilient and able to push through any challenge that stands in their way. That does not lend itself easily to admitting that one needs help because of a mental health problem. My right hon. Friend highlighted the high proportion of veterans suffering from a mental health condition—a staggering 81%—who are embarrassed by or ashamed of their condition and do not feel able to come forward. We have also discussed the average length of time it takes people to present in search of support, which is about 13 years. I understand that there are examples of people who have waited up to 40 years to get help. We must do all that we can to change that situation. We cannot just let it continue.

Combat Stress has also provided detailed evidence involving cases of individuals who have faced marriage break-up, unemployment, social isolation or substance abuse, all because they were unable to deal with their mental health. My hon. Friend the Member for Clwyd South (Susan Elan Jones) mentioned homelessness as well. We should be concerned about the figures, and I agree that it is right that we should seek to quantify the problem. The figures show that, even though help and support exist, too many people still find the stigma far too great to overcome. Until we tackle that stigma, no matter what support is out there, there will be no real change. Combat Stress's campaign focusing on the issue of stigma is vital.

We have spent much of this year's parliamentary debates on the forces discussing legislating for the covenant, so it is welcome that we are now debating the substance of the issues covered by the covenant and what it should mean in practice. It is right that nobody who serves their country in the forces should be disadvantaged as a result of their service. In some ways, however, getting the Government to enshrine that in law was the easy bit. The Government must now take action to implement the covenant so that we can see what it means in practice. I would welcome information from the Minister about the planned implementation of the covenant and how the Government intend to ensure that Departments and public bodies audit and change their policies to give our forces, our veterans and their families a fair deal.

My right hon. Friend highlighted the need to recognise how many veterans suffer from mental health issues. My hon. Friend the Member for North Durham (Mr Jones), the previous veterans' Minister, announced plans when he was in post for a veterans' ID card. The card would have enabled veterans to be identified easily and to get priority NHS treatment.

As we have discussed, it is difficult to quantify the level of need. Without a tracking system for veterans, we will never be able to do so. My right hon. Friend has asked in written questions how many ex-service people are being treated for mental health problems on the NHS, but there is no record, so the Minister replying was simply unable to give an answer because the data do not exist. Being unable to quantify the problem makes the Government unable to quantify the true cost of treating mental illness among former members of the armed forces. Therefore, the true impact is unknown at the moment. A veterans' card would enable the Government to track veterans and offer the right support to those who need it.

In the Armed Forces Bill Committee, on which the Minister and I both served, the Minister reiterated his opposition to introducing an ID card, but the Government agreed earlier this year to launch a veterans' privilege card allowing veterans to access commercial discounts. That is welcome, but I urge the Minister to look beyond discount schemes and extend those proposals, and to use the card as a way to ensure that veterans can access the support that they require when they need it.

Mr Gray: I am puzzled as to why the deeply bureaucratic and complicated system of issuing 5 million people with a piece of paper would help those suffering from mental stress many years after service to come forward and ask for the help that they need. I am not certain as to why that is a solution to the problem under discussion.

Gemma Doyle: The proposals were not overly complicated. The initial proposal was to start issuing a veterans' card to people who are leaving the services now, not necessarily to go back and identify the 5 million people, because, as the Minister has told me, he cannot identify them. If we do not start to make some changes, we will never be able to quantify the problems. When we are able to know who the people are, the right support and services can be offered to them and contact can be maintained where it is wanted to ensure that the

services are being delivered. Then, when an individual presents with a mental health problem, they can clearly be identified as a veteran and we will be able to see the problem much more clearly.

Sir Paul Beresford: The point made by the right hon. Member for Salford and Eccles was that many of these people will not present themselves and do not understand the problems, and that asking them will not get the result that the hon. Member for West Dunbartonshire (Gemma Doyle) seeks. That is why I have insisted—I think this point was raised earlier—that the decommissioning that is done in the States, and to some degree here, might be the answer, without the paper.

Gemma Doyle: No one measure will sort out this problem—there needs to be a range of measures. I think that, taken together, the hon. Gentleman's suggestion and mine would help to address the problem. I do not think that we will be able to quantify the issues unless the data and the systems are in place.

The hon. Member for Plymouth, Sutton and Devonport (Oliver Colvile) has already mentioned that it is important that we do not overlook the particular impact of deployment on the mental health of our reservists. Professor Simon Wessely of the King's Centre for Military Health Research states that reservists who have served in Iraq or Afghanistan are three times as likely to suffer mental health problems as members of the regular forces. The Government's Future Force 2020 plan suggests that the role of reservists is to increase substantially as a result of the reductions in the number of regular service personnel, so the Government must have the support in place to ensure that reservists are prepared to take on those extra responsibilities and that extra role, as well as guarantee that they have access to the correct mental health care and support when they return from deployments or are no longer mobilised.

As in the rest of the forces, there has been progress in recent years. The reservist mental health programme extended mental health support for reservists, but, with their role set to increase, the provision of support will have to be pointed in the right direction to cope with the increased number of reservists who are to be deployed. I would therefore appreciate an assurance from the Minister that the mental health care of reservists will be given due attention.

In conclusion, I again congratulate my right hon. Friend the Member for Salford and Eccles on securing this debate. We have heard of experiences from around the country, and they have illustrated the need for attention not to be diverted from the issue. The hon. Member for North Wiltshire (Mr Gray) asked what measures we can and should take to improve the situation. Combat Stress is asking for five things. I do not think that I can improve on them and would welcome the Minister's comments on them. This debate has given us the opportunity to recognise the role that the NHS, the Ministry of Defence and Combat Stress play in supporting the mental health and welfare of our veterans. I pay particular tribute to Combat Stress, which, along with many other service organisations and charities, plays an outstanding role in support of the whole armed forces family, for which we should thank it.

12.14 pm

The Parliamentary Under-Secretary of State for Defence (Mr Andrew Robathan): This is a hugely important topic, so I am delighted that the right hon. Member for Salford and Eccles (Hazel Blears) has secured this debate. I thank all Members who have taken part. The right hon. Lady is a former Minister with responsibility for public health and therefore knows a lot about the issues. I am not in any way clinically trained, so I tread very warily around issues of mental health. We should be wary of making grandiose statements on a very complex situation. I certainly try not to tell clinicians how to address it.

There is, however, a good story to be told. A great deal of progress is being made and the subject has rightly received a lot of attention in recent years. Our armed forces are currently deployed in the most demanding areas of conflict, and we have a moral duty, not only as a Government but as a nation, to support and look after them, to care for them when they are injured and to maintain that care when they leave service. Mental health problems, as we have heard, may take some time to manifest themselves, in some cases many years after service. Mental ill health can be a truly debilitating condition. As several Members have mentioned, it still has a stigma attached to it, and I believe that there is a lot of common ground across the political parties to remove the barriers for those seeking the help that they so desperately need.

I acknowledge the work of the previous Administration in launching ex-service mental health pilots throughout the country during the previous Parliament. Such was their success that they continue in the NHS, which is leading the fight to ensure that those who need our help receive it.

Although I am responding on behalf of the Ministry of Defence, it has been the policy of successive Governments that the treatment of all health-related conditions and problems for those who have been in service is the responsibility of the national health service. I mention that because I deal very closely with the Minister of State, Department of Health, my right hon. Friend the Member for Chelmsford (Mr Burns), who from time to time makes comments in the House about zombies—some Members may have noticed that recently—that may have deflected us from his excellent work in the Department of Health, especially his close work with us on various issues, particularly mental health. Indeed, he and I together visited Combat Stress in Leatherhead about a year ago. The NHS and the MOD together have also set up armed forces networks to ensure that ex-service personnel in particular can access health care. Members have said that people do not understand what ex-service personnel need, but this should go some way to helping in the future.

To ensure a coherent approach across the Government, my right hon. Friend the Prime Minister asked my hon. Friend the Member for South West Wiltshire (Dr Murrison), who served as a medical doctor in the Royal Navy, to conduct a study into the relationship between the national health service and the armed forces, including former servicemen, in terms of mental health. It was a thorough examination of our procedures and led to my hon. Friend's well-respected "Fighting Fit" report. If hon. Members have not read it, I commend it to them.

[Mr Andrew Robathan]

The right hon. Member for Salford and Eccles asked about our plans for the future. Essentially, they are based on that report. The former Defence Secretary, my right hon. Friend the Member for North Somerset (Dr Fox), announced on 6 October last year that we would accept all of the "Fighting Fit" recommendations. They include a scheme, beginning next spring, routinely to contact service leavers at the 12-month point after discharge to establish whether they have any health need for which they are having difficulty in accessing treatment. That is actually very difficult, because when people leave the armed forces, they often change address, move away, go abroad or do all sorts of other things. It is not as easy as one might think. In addition, we will enable those identified as having a mental health problem during service to continue to have access for up to six months to the MOD's departments of community and mental health. That will help smooth the transfer of care from the MOD to the NHS. We have also enhanced service medical examinations to enable earlier identification of mental health problems.

One of the earliest "Fighting Fit" recommendations to be implemented is the new 24-hour helpline, which is run by the charity Rethink on behalf of Combat Stress and is funded by £200,000 from the Department of Health. It allows former personnel with mental health problems and their families to get specifically targeted support from people trained and experienced in dealing with serving and former armed forces personnel and their often complex mental health needs. It is a real success, and when I have met Combat Stress and its clients, I have seen for myself how important this enabling of the first step to seeking help really is. I telephoned the helpline shortly after it was set up because I am sometimes slightly sceptical about helplines, and I can assure hon. Members that it works.

Through working with Combat Stress, the NHS is also increasing the number of mental health professionals, with a focus on providing help to veterans with mental health problems. That provides the opportunity for veterans to be seen locally by NHS professionals who have a better understanding of veterans' needs, working side by side with Combat Stress outreach teams and their extensive experience and knowledge.

To help with the process of removing the stigma, to which several hon. Members referred, the Government have introduced an online well-being network that is accessible to serving personnel, their families and veterans. It is called the Big White Wall and is staffed by professional counsellors, who can be contacted 24 hours a day, seven days a week. That social network, which is reflective of today's society, allows individuals to engage with others who are in similar difficulty. The anonymity connected to that network allows for a free and frank exchange of experiences, with a view to generating a wider sense of support. The Big White Wall has logged 1,000 hits since going live, more than 40% of which are from serving personnel, which illustrates that it will be a success.

I must acknowledge the significance of Combat Stress's collaborative approach with the NHS and the MOD, which was referred to by the right hon. Member for Salford and Eccles and others. I bought my Christmas cards this year and last year from Combat Stress, so I would like to think that I do my little bit personally to support it. My Department provided Combat Stress with £3 million in the financial year 2010-11 for the treatment of those in receipt of a war pension who require treatment for mental health problems caused by service.

Combat Stress was formed shortly after the first world war to help those returning from the battlefields, but it is as important today as it was then. Indeed, I first came across Combat Stress 25 years ago when I was serving. It was known then as the Ex-Services Mental Welfare Society. We have heard today about Neil Blower, a former serviceman who served his country in Iraq and Kosovo. He experienced difficulties after service, but received excellent help and support from Combat Stress. He has now become a published author. I wish him continued success, and I should say to the right hon. Lady that I found the quotation from his book very moving.

I accept that the Government cannot and should not do everything. Through the armed forces covenant, we are building partnerships between all arms of government—national and local—and with the NHS to deliver better support to the armed forces community. The hon. Member for West Dunbartonshire (Gemma Doyle), who speaks for the Opposition, mentioned all arms of government and how we need to bring them together. A report on the covenant will be published before Christmas.

We also need to work more closely with the charitable sector to get the right support to the right people at the right time. The covenant has the important principle of removing disadvantage. Any former serviceman who is ill as a result of their service can access priority treatment through the NHS—subject, of course, to the clinical needs of others. We continue to work closely with GPs to make that more widely known because there is an education issue. The Department of Health, working with the Royal College of General Practitioners, has put in place an e-learning package for GPs. That will increase awareness of the status of patients who are veterans, thus enabling more proactive monitoring of veterans' mental health and helping to ensure that they receive the treatment that they deserve.

We acknowledge that, in some cases, it can take years for psychological problems to manifest themselves. It is therefore important that we recognise through-life responsibility to our armed forces and that we do all we can to increase awareness and reduce the potential for developing mental health problems in the future.

Hazel Blears: If the Minister's plans to reduce stigma are successful—and I very much hope that they are—that will inevitably result in more people presenting for treatment and help and support. I specifically asked him what his estimate is of the increase in the number of people presenting for next year and the years after as troops withdraw from the theatres where they have been active and what plans he has to meet that increase in the number of people presenting. I would appreciate some detailed answers to those specific questions.

Mr Robathan: I was going to come to that, but we do not have estimates for the figures that may emerge because it is a very difficult clinical situation. Some people—mostly not qualified doctors—say that a tidal wave of mental health problems is coming. I do not

know whether that is the case, but what I do know is that we must be ready for whatever comes, so that we can help ex-service personnel. That is the right way forward, but making estimates that must inevitably be guesses because they depend on individual situations would not necessarily be very helpful.

I want to answer a few more of the right hon. Lady's questions. We have mentioned stigma. It is our policy and that of the armed forces that mental health issues should be recognised properly and handled appropriately. Every effort should be made to reduce the stigma associated with such problems. Service personnel are given briefings before, during and after any operational deployment that explain the symptoms to look for and signpost the support services available. As well as medical officers, welfare staff, mental health personnel and chaplains also deploy to places such as Afghanistan and are available to provide help and advice.

One of the most successful recent innovations has been the introduction of trauma risk management—TRiM—which I have seen. That is a process of peer-group risk assessment, and mentoring and support for use in the aftermath of traumatic events. Such a process is undertaken as soon as possible after the event. That could happen, for example, after a patrol in a forward operating base. Evidence suggests that that process has been successful in increasing awareness and reducing the stigma attached to mental health disorders, which the right hon. Lady mentioned.

Away from the operational theatre, we provide a range of specialist care, primarily through 15 military departments of community mental health across the UK and four such departments in Germany. Those departments provide out-patient mental health care and are staffed by community mental health teams comprising psychiatrists and mental health nurses, with access to clinical psychologists and mental health social workers. In-patient care, when necessary, is provided regionally in specialised psychiatric units under a contract with the NHS.

To help our understanding of the issues that affect service personnel and those who have left the services, we fund a large-scale research project at King's College, London on the experiences of those who are serving or who have served in Iraq and Afghanistan. Only last Monday, I spent the morning at King's with Professor Simon Wessely and other academic staff who are undertaking that research. If anyone wishes to go there, I can arrange a visit because they are extremely on the ball and know an enormous amount about the subject, as one would hope. The project includes a large-scale study involving more than 20,000 participants, which is monitoring the effects of operational service compared with a cohort group that did not deploy.

In May 2010—the project was funded by the previous Government—the latest phase of that research confirmed that there is a continuing relatively low prevalence of probable post-traumatic stress disorder for the UK armed forces. Some 4% of respondents displayed symptoms of PTSD compared with other studies that show a range of rates between 3% and 7% in the general population. Recent evidence suggests that PTSD is likely to present at a peak of about three years, but we accept that it may be longer in some cases. It is therefore important that we recognise our through-life responsibility to our armed forces.

I will try to cover the questions asked by hon. Members. My hon. Friend the Member for Plymouth, Sutton and Devonport (Oliver Colvile) made some excellent points. The hon. Member for North Antrim (Ian Paisley) spoke with passion about the legacy of conflict in Northern Ireland. Having spent the best part of a year of my life on the streets of west Belfast, I have a very real understanding of and a great deal of sympathy with some of his points. The hon. Member for St Austell and Newquay (Stephen Gilbert) spoke with great feeling, but we should be careful that we do not see ex-service personnel as victims. They are very capable people, and the overwhelming majority of people who leave the services plough a pretty good furrow and get a job. I had to become an MP to get a job; nevertheless, most people get a pretty decent job after they have left the armed forces, and they do not want to be patronised.

My hon. Friend the Member for North Wiltshire (Mr Gray) added his experience of the Territorial Army and acknowledged the real difficulties that we face. On the reservists, he is absolutely right. I say gently to the hon. Member for West Dunbartonshire that we must understand—I think that she does understand—that many ex-service personnel do not want to be pursued. When they leave the armed forces, they do not want to be followed up.

The right hon. Member for Salford and Eccles particularly mentioned education. I will write to her if I may with the details, but I think that she will find that the further education scheme funded by the Department for Business, Innovation and Skills provides free tuition for service leavers undertaking a first qualification at that level. That gives ex-service personnel the opportunity for higher studies, which they may have been denied by military service. Furthermore, they can build up learning credits during service that can be used to fund education for up to 10 years after leaving service. However, I will write to her with the details on that.

In conclusion, there is consensus here. The right hon. Lady has raised a very important issue. We can never remove the exposure to trauma in operations, but we must do all we can to minimise the effects that that might have. TRiM on the battlefield gives the opportunity to discuss the shared experience of trauma, and that concept is continued with the Big White Wall. For some, medical intervention is required, which I have discussed, but we continue to address the recommendations made in "Fighting Fit." All that is complemented by Combat Stress and other service charities. As we have heard, they do a huge amount to rebuild lives, and we are, as a Government and a nation, eternally grateful for that.

Arctic Convoy Veterans Medal

12.30 pm

Caroline Dinenage (Gosport) (Con): I am grateful to you, Mrs Riordan, for the opportunity to secure the debate. I want to speak about two words: "heroism" and "bravery". They are words that we hear too often in modern language, yet their true meaning is absolutely personified by the gentlemen in the white berets. They are the Arctic convoy veterans of world war two. They are the men who risked their lives again and again on what Winston Churchill described as:

"the worst journey in the world."

On a daily basis, they endured sub-zero temperatures—sometimes as low as minus 60°—and had to hack away at the ice and snow that covered the decks and external parts of their ships. One veteran said that he did not realise how cold it was until he accidentally grabbed a ladder, which removed all the skin on his hand. However, the weather was nothing compared to the continual aerial bombardment from German U-boats, battleships and planes that plagued each trip.

One grim feature of the campaign was the use of suicide flights. Fighter planes were flung into the air with the use of a catapult when enemy aircraft were sighted. With nowhere to land when they were shot or ran out of fuel, pilots were forced to crash into the sea and face almost certain death. A total of 78 convoys delivered 4 million tonnes of vital cargo and munitions to the Soviet Union, which allowed the red army to repel the Nazi invasion. The cost in terms of life was horrific. More than 100 vessels perished and 3,000 UK seamen were killed in the treacherous waters of the Arctic ocean as they undertook terrifying trips to keep Russia supplied and fighting on the eastern front. Nine per cent. of the seamen who took part were killed—the highest fatality rate of any maritime campaign in the war.

The cost, had the Arctic convoys not succeeded, would have been worse. Nazi Germany would very probably have won the second world war. Churchill had promised to supply Stalin "at all costs". He knew that, if Russia fell, the full weight of the Nazi military machine would be targeted at the west. Yet, because Norway and the Baltic states had been captured by the Germans, the only way to get supplies to Russia was through the northern ports of Murmansk and Archangel, which are both inside the icy waters of the Arctic circle.

Were the convoy veterans honoured with a medal by their own country? After all, even Russia—the Soviet Union—awarded medals that acknowledged its gratitude to the surviving sailors, whom it regarded as heroes. No. The convoy campaign was the only major sea campaign of the second world war not to be honoured with a specific medal. Instead, it was included in the battle of the Atlantic, which was a separate campaign to keep Britain supplied during the German U-boat blockade. This is the biggest fallacy: the Arctic convoy veterans all qualified for the Atlantic star. Leave aside that the Atlantic is 800 miles away from the Arctic and a wholly different campaign. Uniquely for campaign medals, recipients of the Atlantic star had to fulfil a six-month qualifying period, as opposed to just one day for the Africa star, for example.

Penny Mordaunt (Portsmouth North) (Con): I congratulate my hon. Friend on securing the debate. She mentioned the Africa star. Not only does the campaign star system allow for such a stand-alone medal—the Italy star is another example—but it permits recognition of a significant event, battle or sustained effort; for example, the one-off clasp, the 1939-1945 star, to commemorate the battle of Britain. Does she agree that there has been a worrying complacency on this matter, in that neither of those ready solutions has been proposed? Today, the Ministry of Defence's own website does not even mention the convoys in the criteria for the Atlantic star.

Caroline Dinenage: My hon. Friend makes an excellent point and has worked extremely hard on this campaign, as we all have. There is a ready-made solution within the star framework. The complacency in relation to rewarding these extraordinary men is, in many ways, shameful.

Mark Lancaster (Milton Keynes North) (Con): My hon. Friend is making a powerful point. Probably the most powerful point she has made is that the qualifying criterion for the Atlantic star was 180 days, which by modern standards is very long indeed. I think that for the Falklands it was one day. For the current operational service medal, it is only 30 days. In fact, if she were devilish, she could ask the Minister what the qualifying period was for his two medals.

Caroline Dinenage: I thank my hon. Friend for that very helpful intervention.

The Parliamentary Under-Secretary of State for Defence (Mr Andrew Robathan): If one considers that the war went on for six years, and people then looked back and decided on the length of time required to qualify for medals, I think that that was a perfectly reasonable position. As I recall, Northern Ireland was 30 days, which was essentially a quarter of a four-month tour. Actually, if my hon. Friend the Member for Milton Keynes North (Mark Lancaster) thinks that accumulated service medals should take longer to acquire—does he have one, or is he about to get one?—he raises a sensible point, but the second world war went on for six years.

Caroline Dinenage: I am very pleased to be acting as a referee in this particular discourse.

Mr Andrew Smith (Oxford East) (Lab): Will the hon. Lady give way?

Caroline Dinenage: In two moments, I will. I welcome the intervention from my hon. Friend the Member for Milton Keynes North, whom I think is still a serving member of the Army. I am sure that he very much represents the views of the service people of today, who recognise fully and fully appreciate the sacrifice that these gentlemen made.

Mr Mike Hancock (Portsmouth South) (LD): I am grateful to the hon. Lady for giving way. Like others, I congratulate her on successfully securing the debate. She said that there were two words that she wanted to talk about. There are two other words that, unfortunately, have not been taken on board by the Government. One is gratitude—the gratitude of the nation to these men.

The other is obligation—the obligation that successive Governments have refused to take up to honour these men with the medal they deserve. The Minister's outburst belittled the importance of this debate, and I regret that he chose to make those statements. I believe that "obligation" and "gratitude" are the two things that the nation now needs to show these men while they are still alive.

Caroline Dinenage: I thank the hon. Gentleman for that intervention and echo everything that he has said. I know that he has also been a great supporter of the Arctic convoy veterans in their campaign for a medal.

Mr Andrew Smith: The hon. Lady has been generous in giving way. She is making a powerful and eloquent case. I just want to underline the strength of cross-party support for her campaign, and the support it enjoys among the wider British public, as the hon. Member for Portsmouth South (Mr Hancock) has said. We owe these veterans a vote of thanks, and we owe them a distinctive Arctic convoy medal.

Caroline Dinenage: I thank the right hon. Gentleman for that good intervention. He has, in many ways, hit the nail on the head.

The Minister talked about qualifying periods for medals. The Arctic convoys sailed in excessively awful conditions. It is important to point out that nobody could possibly have managed six months of continuous service in those horrific conditions. There were people who sailed on the convoys, and many who lost limbs in the horrific extreme cold, who did not serve long enough to qualify for the Atlantic star. The Atlantic star qualification—albeit perhaps inadvertently—was therefore set up in such a way as to make sure that nobody who only served in the Arctic convoys could qualify. The Arctic convoy veterans who did receive the Atlantic star—there were a good number of them—only did so because they had also been part of an Atlantic convoy during other parts of the war; they did not receive it purely on the basis of their serving in the Arctic campaign.

Why was the Arctic the only campaign of the second world war to be ignored? The most likely explanation is that, as world war two ended, the cold war began and our relations with the Soviet Union deteriorated. Fear of communism was growing internationally and it was somehow seen as inappropriate, or perhaps even unfashionable, to recognise the efforts of our country in supporting the Russians. In some ways, this whole incredible, valiant episode was just brushed under the carpet. It was only in the 1990s, after the end of the cold war, that this incredibly heroic band of gentlemen felt that they could put forward their case for a medal.

Commander Eddie Grenfell survived his ship being bombed five times, and being plunged into the icy water where life expectancy was just minutes. He somehow managed to get rescued from the water and then spent many months recovering in Murmansk hospital. He is now 91. Lieutenant-Commander Dick Dykes spent more time in the Arctic convoys than anyone else alive today. Such men are heroes, yet they are still fighting. Portsmouth's *The News* has led a campaign for more than 10 years to get a medal for Eddie, Dick and the ever-dwindling band of brave men: only 200 now survive. *The News* might be the champion, but the cause matters not only to people in Portsmouth.

Mrs Mary Glindon (North Tyneside) (Lab): I appreciate the hon. Lady securing the debate and congratulate her on that. My now dear departed uncle was on one of the convoys, and he was thrilled to be awarded the Russian medal, although our brave convoy veterans are not allowed to wear it on the same side as their other decorations. If the veterans can receive that medal from Russia, as they did several years ago with great honour here in London, should they not be honoured by our country?

Caroline Dinenage: The hon. Lady makes a super point and underlines the strength of feeling on the subject up and down the country. It is almost impossible to understand why our brave servicemen have been rewarded by other countries and not by our own. It is not only a local issue, as she pointed out. Loch Ewe, from where the convoys were launched, has a museum and an annual service of remembrance, and the Scottish Government are even considering including the story of the Arctic convoys in their national curriculum. When I raised the matter at Prime Minister's questions in January, the incredible outpouring of support I received came from all over the world and from as far afield as Canada and Australia. The medal has the support of people in all walks of life, young and old, and nowhere more so than among our serving servicemen and women. Next year, a new diamond jubilee medal will be awarded to anyone who has completed five years of service in the military, whether on active service or not. Many of the young people in the armed forces in my constituency have said that, if it is only a matter of money, they will happily forgo their own medal in order to afford one for the Arctic convoy veterans.

Penny Mordaunt: I thank my hon. Friend for giving way to me for a second time. Is she aware that the £12.3 million estimate for an Arctic convoy medal is based on incorrect numbers of servicemen and costings? Looking at the actual costs of other medals and allowing for inflation and even design costs, which obviously would not have to be included, I am hard pushed to reach even £1.2 million.

Caroline Dinenage: I am grateful to my hon. Friend for that information, which further underlines the obstacles that are being put in the way of doing the right thing. The Ministry of Defence was asked to review the medals system in July 2010, and it took 16 months to get nowhere. However, time is of the essence. It is 70 years since the first convoys, and the remaining veterans are in their 80s and 90s; of the thousands who took part in the convoys, only 200 are yet alive.

Mr Mike Hancock: The hon. Lady is being enormously generous in giving way again. Is she, like me, unable to find a single precedent other than that of successive Ministry of Defence Ministers from all Governments against giving the medal?

Caroline Dinenage: Absolutely—I have yet to find anyone who finds the medal unpalatable, other than members of the MOD.

[Caroline Dinenage]

Does the Minister agree that enough time has already been wasted on reviews and delays? How long will the new independent review requested by the Prime Minister take, and when will it be completed? Finally, what are the scope and leadership of the review? According to the MOD, the details are expected to be released shortly—but "shortly" is not a period that we understand. What does it mean? Time is not on our side, and I ask him to be more specific. I understand that the MOD hides behind rules, protocols and precedents, but another criterion ought to take absolute priority: this is the right thing to do. Those men are not politicians, and at their age they should not have to fight for justice. It appals me that people who gave so much to ensure the freedoms that we daily take for granted should have to beg for the recognition that they deserve.

Successive Conservative leaders in opposition have committed to the medal without review. It is dreadful that it has to be reviewed again and again. I urge the Minister to ensure that it is done quickly. Time is not on the side of those brave gentlemen. It would be utterly disgusting were a medal awarded and no one was alive to receive it.

12.44 pm

The Parliamentary Under-Secretary of State for Defence (Mr Andrew Robathan): I thank my hon. Friend the Member for Gosport (Caroline Dinenage) for raising this important issue, and I congratulate her on securing the debate. She feels passionately about it, and we have discussed it in the past. There is no scintilla of difference between us about our respect for those of my father's and her grandfather's generation who served in the Royal Navy and the Arctic convoys in the second world war. It might be relatively cold outside, but as we sit here in our centrally heated comfort, well clothed and dry, it is difficult to imagine the conditions in which young men in their teens and 20s went to sea in the Arctic before we were born. I pay real tribute to their courage, resolution, determination and bravery when necessary—all those things were shown by the people whom we as a nation sent to war in the Arctic. We agree about that, and the question is what we should do about it.

I mentioned my father's generation, and I was brought up immediately after the second world war, so I have a much closer feeling with it, if I may say so. My mother's first husband was a glider pilot killed at Arnhem, and the courage and resolution shown by glider pilots were similarly astonishing. In the battle of Sicily more than half the glider force was dropped in the sea and almost all of them died, as far as I am aware, so then to get back in a glider and fly off to Arnhem and D-day was similarly incredibly brave. I pay tribute to all those from this nation who in the second world war did amazing things. Nothing that I say should detract from that. The Atlantic convoys, rather than the separate Arctic convoys, lost 3,500 merchant ships and 175 warships.

The position of the Government, which my hon. Friend mentioned, is that we will have a review. It was thought that the earlier review, to which she referred, was insufficient, and therefore we are putting in place another one, for which the terms of reference and the chairman have yet to be decided. I can, however, assure her that that work is most definitely happening at the moment. It is important that the decisions be made not by me or by Ministers but independently. Neither the Ministry of Defence nor I will have any hand in those decisions, which will be made by an independent chairman and group. It is important that politicians do not have such decisions at their fingertips. The truth is that politicians should not be involved in awarding medals.

Caroline Dinenage: I think that politicians ought to have the decision in their gift. If they should not, why did successive leaders of the Conservative party promise the medal to veterans while in opposition? It should not be subject to review and it does not need independent scrutiny to decide that this is the right thing to do. Politicians are perfectly capable of making the decision and making the right one.

Mr Robathan: Every Member in the Chamber, pace the hon. Member for Portsmouth South (Mr Hancock) who might possibly be an exception, was born after the end of the second world war. Politicians should not revisit decisions made in the past, second-guessing those who are not around to speak for themselves and who knew the details, were much closer to them than us and would have known people who had been on the Arctic convoys, perhaps losing friends or relations on that convoy, when we do not.

The current situation is that an independent review, into which I will have no input, will investigate. However, I would like to state the facts, which are what we should deal with. The Admiralty fleet order dated October 1946 refers to

"Qualifications for the Atlantic Star"

and states:

"After qualification for the 1939-45 Star by six months'...service, in areas defined below.

(A) Six months'...service afloat as defined in Section III",

which included time in port, and

"(B) Service in home waters, service on the convoy routes to North Russian ports, service in the South Atlantic between the longitude of Cape Horn and longitude 20° E".

The point was that the Admiralty was trying to have one medal to cover those issues. Whether that was right or wrong, it is wrong to say that the Arctic was ignored. It was not. It was mentioned in the Admiralty fleet order, and it was recognised, but I accept that whether it should have been recognised further is a matter for debate.

The campaign suggests that the Atlantic star is not enough, and I understand the strong feeling about that. I cannot understand what it was like to be in such appalling cold. However, it was also cold in the Atlantic, and I have mentioned the 3,500 merchant ships and 175 warships that went down. Most people who earned the Atlantic star must be very proud to have done so when so many died. One also reads of the deprivation on the Atlantic convoys. It was pretty tough going across the Atlantic being chased by U-boats, and many ships were sunk.

Penny Mordaunt: I do not believe that anyone here wants to get into a competition about who suffered most, although we must recognise the appalling conditions endured by the Arctic convoy veterans. The Minister is

rightly sticking to the facts, but the facts are that the Arctic convoys were a separate theatre of conflict, and a precedent was set with the Canal medal. If it was thought that an error had been made, for understandable reasons—my right hon. Friend alluded to what they might be—we could revisit a decision. I do not believe that politicians should make those judgments, but it is our job to raise the concerns of our constituents throughout the country. There is a great feeling that we should revisit the facts, and there is a precedent for change if we think an error has been made.

Mr Robathan: I am saying that that determination is possible if people in the past got it wrong. We are saying in this debate that those in the Admiralty who determined who would receive medals got it wrong and that in some way we who were born after the second world war know better than those who were in that war. Actually, they were people like us, who are sitting in our centrally heated Chamber. Mountbatten was not on the Admiralty Board because he was Viceroy of India at the time, but he had commanded Kelly during the war, and ended up an admiral. That was not unusual for experienced people. We are in danger of saying that we should gainsay their knowledge and disparage their decisions, which were made by good people with experience.

Mr Mike Hancock: Will the Minister give way?

Mr Robathan: No, I will not.

The intention post-war was not to cover everyone with medals. Medals in the UK mean something, and we pay tribute to the people in the Public Gallery who are showing the medals that they won through risk and rigour. My hon. Friend the Member for Gosport mentioned the USSR. Authoritarian regimes and dictators, such a Gaddafi and Saddam Hussein, often throw medals around. North Korean generals are covered with medal ribbons. We have traditionally taken the view in this country—hon. Members may disagree—that medals will be awarded only for campaigns that show risk and rigour.

Mrs Glindon: Veterans who hold the Russian Arctic medal may think the Minister's comment about regimes that give away medals is disparaging. I hope that he recognises that. Under Winston Churchill, the Government discouraged the award of the Russian medal, but the fact that it was given and that the brave men who received it were recognised should be mirrored in this country. I should be pleased if he made a different comment from the one that he made earlier.

Mr Robathan: I apologise if my comment was taken in the wrong way. That was not the intention. I am not sure when the Russian medal was given to our veterans, but I believe that it was after 1990. There are not many Soviet survivors from the second world war, but generals in the Soviet army were covered in medals, which is not the tradition in this country. That is the point I was trying to make.

Caroline Dinenage: The Minister's comment about the Russians giving out that medal disparages what the Russians clearly recognise as the unbelievable commitment and bravery of gentlemen such as those in the Public Gallery to whom he referred. We are now in the habit of giving out medals to people who have not committed acts of bravery. Next year, the Queen's diamond jubilee medal will be given to people who may have spent five years driving a desk in the Ministry of Defence.

Mr Robathan: That is a fair point, but the diamond jubilee medal is a commemorative medal, not a campaign medal. That is the difference, but I agree with my hon. Friend. She made a reasonable point. I apologise again if she took my comment the wrong way. My point was that some regimes give out a large number of medals, whereas traditionally the United Kingdom does not.

I commend Commander Grenfell and his colleagues on their campaign. It seems to have started in 1997, which was 51 years after the Atlantic star was awarded, so I am not entirely clear what prompted it. Two Members in the Chamber have been on their parties' Front Benches, and the last Government, under a lot of pressure, decided that they would award a special medal, but they awarded the Arctic star. In Portsmouth, *The News* stated, under the heading, "We've Won" and "Historic victory in long battle to win honours for heroes of the Arctic convoys", that Commander Grenfell said:

> "I am really very happy with what we have achieved. It has been a tough campaign, but we have finally got the recognition the Arctic veterans deserved."

It also quoted the hon. Member for Portsmouth South who said:

> "This is a tremendous result, and it is wonderful that the Arctic veterans have at last won recognition."

I must tell Opposition Members, particularly the right hon. Member for Oxford East (Mr Smith), that their Government believed that the matter had been put to bed.

Finally, the facts are that the decision is not one for politicians. I have huge respect for my father's generation, who gave up their youth in the service of our country and deserve to be continually respected. The Arctic convoy veterans served in the particularly appalling conditions of the Arctic, but we should not pretend that we know better than experienced people who had taken part in the second world war and who had served on Royal Navy ships at sea. A decision will be taken, rightly, by the medals review. It should not be a political decision; it should relate to those who look at all the facts, take a view dependent on their respect for our veterans and make their decision accordingly.

Police Stations (Overnight Staffing)

12.59 pm

Ian Austin (Dudley North) (Lab): I am grateful to have the opportunity to bring this matter to the House's attention. *[Interruption.]*

Mrs Linda Riordan (in the Chair): Order. Will people leave quietly?

Ian Austin: I am grateful to have the opportunity to ask the Minister a series of questions about the proposed evening closure of Dudley police station, and, as we can see from the presence of other Labour Members, other stations in the west midlands. I want to express my admiration and support for West Midlands police, led by our chief constable, Chris Sims—*[Interruption.]*

Mrs Linda Riordan (in the Chair): Order. Could you wait until the public have left the Chamber?

Ian Austin: I think those in the public gallery have done their bit. They have every right to have their case heard.

Led by Chris Sims and his senior colleagues, the force has seen crime across the region fall over the last few years, but many of us are worried that the force will find maintaining its performance impossible, because it is being forced to cut its budget by £126 million over four years. It is losing 14.5% of its funding, one of the biggest cuts in the country. As a result, the force is losing 1,250 officers, recruitment has been frozen, and experienced and valuable officers are being forced to retire early because they have completed 30 years' service. Other savings are being made in back office functions and administrative functions as well.

The force is now proposing that the front desk at Dudley and a number of other police stations be closed to the public during the evening or overnight. Dudley's front desk has been closed to the public between 10 pm and 7 am for the last four years or so, but under the new arrangements the front desk would close at 6 pm and not open again until 10 am the next morning. I think it is fair to say that were it not for the need to save £126 million, West Midlands police would not have put this proposal forward. However, they have to make savings and they have put forward a number of arguments, which I will set out and deal with.

First, it is said that

"The review of front offices found that public demand is very low in the evenings and overnight and recommended that staff be redeployed back into contact centres to increase the efficiency of call handling."

Secondly, the force will

"continue to provide 65 front offices open to the public; a service to local communities far wider than most other police forces offer across the country."

Thirdly,

"households will never be more than four miles from a 24/7 police station".

Finally, the force is looking for other locations in which to meet the public and more modern ways of communicating, such as Twitter and Facebook. The force has established a new appointments system so that officers will visit the public instead of expecting the public to come to them.

I am all in favour of new ways of communicating with people and having more locations in which the public can meet the police, but there are specific factors in relation to Dudley which I am not convinced the current proposals have taken into account. As soon as the proposals were brought to our attention, my colleague Councillor Shaukat Ali and I launched a petition asking that the proposal for Dudley police be dropped. The fact that more than 2,000 residents signed our petition in just a fortnight illustrates the level of local concern. Residents, businesses, publicans and students in the town all expressed their concern. The Central Dudley Area Committee held an emergency meeting and unanimously called for the proposal to be dropped.

There are a number of specific factors in relation to Dudley. First, the nearest station run by Dudley police for many will be at Brierley Hill, five or six miles away for many residents. Secondly, I receive frequent complaints about antisocial behaviour on estates near the town. Much of this obviously occurs during the evening, and people strongly value having a station open should they need it. Thirdly, Dudley is the largest town on the list and I do not think there is anywhere of similar size in the region that would not have a station open to the public in the evening.

I am all in favour of using new methods of communicating with people, but it is to the West Midlands force's credit that it operates so many more open front desks than other forces. The fact that there is a busy and active, fully staffed station is very important to traders and shoppers.

Mr Jim Cunningham (Coventry South) (Lab): My hon. Friend knows that we are in the same position in Coventry. It will be difficult for the public to get access to a number of police stations, particularly over the weekends, as a result of the reduction in hours. Not far from where I live is Chace police station, which is a major station for Coventry. More important, when anyone is arrested for alleged terrorism, they are normally held there until they are moved somewhere else. It is vital that the Minister take a serious look at this.

I do not know whether my hon. Friend has experienced another problem. At weekends, when crime is more likely, it is difficult to get a senior officer at these stations to talk about certain incidents that may happen in the centre of Coventry or in different locations in Coventry. Several police stations in my constituency, but equally in the other two MPs' constituencies, will be experiencing the same thing. It is vital that people have an open police station at the weekends so that they can get to the people they want. It is no good leaving sergeants in charge.

Ian Austin: My hon. Friend is correct. There are various ways in which his and my stations could be kept open in the evenings and, in his case, at weekends by looking for savings in other areas. It would help if the force was not being forced to find this level of savings in the first place.

As in Coventry, specific factors in Dudley mean that it is important to have a station open in the evening. We have got £30 million being spent right now on new

college and sixth-form buildings in the town centre, which will result in hundreds more young people in and around the town during the evenings. The new college includes a theatre, which will bring hundreds of visitors to the town at night. Our town centre market is about to be rebuilt, strengthening the town centre economy with, again, more activities in the evening. Several pubs and cafés and a wine bar are currently being refurbished. Much of the regeneration of the town centre is based on driving up trade and activity in the evening. Finally, there is strong public support for my campaign to open up the castle in the evenings during the summer for concerts and plays, which would bring thousands more people to Dudley during the evenings.

On the number of visitors, the force's own figures show that a third of front desk enquiries come between 6 pm and 10 am. That is bound to increase as a result of our ambitions to boost the town's night-time trade and visitor economy. In the light of these particularly local factors, I want the Minister to ask the force to reconsider this particular proposal. Not unreasonably, the chief constable says that if front desks are not closed, savings will have to be made elsewhere. I understand that, but I need to be convinced that all possible savings have been found from administrative and back office functions before front-line services such as Dudley's front desk are cut.

Forces across the country buy pretty much the same cars and other vehicles, uniforms, protective clothing and equipment. They use similar computer systems and so on. Will the Minister explain why individual forces are still procuring cars, vehicles and equipment individually and separately instead of driving down costs by purchasing centrally and getting bigger and better deals for the taxpayer? Will he tell me why we have police, fire and ambulance services in the west midlands operating separately instead of merging some common functions? Why do they all need separate finance, human resources and PR departments, for example? Why have we got 40 separate local or regional police forces across England—four in the west midlands alone—all providing different and separate services instead of sharing expertise and knowledge, as well as administrative functions and computer systems, for example?

Rationalising such functions would save a fortune, but I can think of other savings that we could be making, too. Many of the areas I have listed are precisely the areas that we identified as part of the 12% efficiencies that we would have made over four years, rather than the 20% cuts that have been front-loaded and that are being imposed on police forces at the moment. Is it not the case that the Government's decision to go much further and much faster has probably impeded forces' abilities to make efficiency savings, which would take time to work out with other police forces, but would limit the impact on the front line? They are being forced to do these things more quickly and more severely. That has forced them into quicker but more damaging savings, such as reducing the number of front-line officers and closing stations in the evening instead of the administrative and procurement savings that I have suggested.

We should also consider why the police authority and force are based in costly offices in the middle of Birmingham city centre, which is probably the most expensive place to run a service anywhere in the west midlands. Like me, I am sure my hon. Friends the Members for Walsall North (Mr Winnick) and for Coventry South (Mr Cunningham) could identify offices in their own constituencies where services could be provided much more cheaply.

The Minister will no doubt say that he cannot do much about where the authority is based, but he ought to be ensuring that it has found savings from all the other areas before touching the front line. He can certainly do something about the way the police force is funded.

The police authority and leaders from all parties in councils across the region have made representations to Ministers on two specific issues. Although all police authorities have been subject to some reduction in the Government grant, authorities such as the West Midlands police authority have effectively been penalised because they kept precept increases to a minimum over the past few years. They are, therefore, more reliant on the Government grant compared with authorities such as Surrey, which increased precepts at a faster rate and are therefore less reliant on the Government grant.

Mr Jim Cunningham: My hon. Friend makes a comparison between the west midlands and Surrey. In the west midlands the authority relies on an 80% grant from central Government, whereas in Surrey it is the reverse. That shows a real disparity.

My hon. Friend also mentioned efficiencies. I do not have a lot of evidence, but once or twice I have noticed that during an incident such as the arrest of a person for causing a problem on a bus, it can sometimes take six police cars to surround that bus and remove the individual. When talking about efficiencies, perhaps that practice should also be examined.

Ian Austin: My hon. Friend is correct. Total spending power—the Government grant and the precept—in the west midlands will reduce by over 4% in 2011-12, compared with only 1.5% in Surrey. As the Minister will know, that position is exacerbated further by the application of grant damping, together with the "floors and ceilings" that have been applied every year since the last funding formula review. As a result, the West Midlands police authority will receive £27 million less than its full formula entitlement, whereas Surrey will receive £4 million more. It means that the West Midlands police authority, which has one of the highest policing demands in the country, will be forced to make the biggest percentage reduction in spending, while areas such as Surrey that have much lower need and demand will make the smallest reductions. As the West Midlands police authority says,

"this is neither fair, reasonable nor indeed equitable."

Stations such as those in my constituency would not be faced with closure in the evening if the Government introduced arrangements that properly reflected the need and demand for policing services in the west midlands, and which treat that area and the people who live and work in it fairly and equitably.

I will suggest one other saving. Although I am not against elected police commissioners in principle, I am not sure how they will find enough things to keep them busy and in particular to justify their enormous salaries—I thought about that when I visited the police authority last week, and it is an interesting point. One argument that was recently advanced for police commissioners cited the great job that we were told the Mayor of London did during the recent riots. The Mayor of

[Ian Austin]

London, however, looks after a whole range of services and functions across the city, and has a much bigger area of responsibility than simply the police. I am not sure what police commissioners will do to justify being paid £100,000—as I understand it, the police commissioners in the west midlands will be paid £100,000, and they will be the best paid in the country. That seems an odd priority when resources are so scarce that we are losing 1,200 officers and face the evening closure of stations such as that in Dudley.

Finally, does the Minister think that the officers in question and my police station's front desk are front-line services? I would have thought it difficult to identify anything more front line than a full-time police officer and a public inquiry desk. At the election, the Prime Minister promised that there would be no front-line cuts, and that any Cabinet Minister who proposed them would

"be sent straight back to their department to go away and think again."

Does the Minister think that the cuts in question are front-line cuts, and will he do what the Prime Minister promised would happen under such circumstances and think again?

1.13 pm

Mr David Winnick (Walsall North) (Lab): I welcome the fact that my hon. Friend the Member for Dudley North (Ian Austin) has secured this debate because Bloxwich police station in my constituency is affected by this issue. My hon. Friend is right.

Mrs Linda Riordan (in the Chair): Order. May I check that the hon. Gentleman has the permission of the Minister and Opposition spokesperson to speak?

The Minister for Policing and Criminal Justice (Nick Herbert): Leave me time to reply.

Mrs Linda Riordan (in the Chair): Please keep your contribution short, Mr Winnick.

Mr Winnick: I certainly will, Mrs Riordan. As the Minister knows, the West Midlands police force faces a devastating cut of 26% over the next few years. That is bound to affect it adversely both in the west midlands as a whole and in individual constituencies. As indicated, there will be 1,250 fewer police officers as numbers fall from 8,627 to 7,377. Moreover, there will be fewer members of police staff in other roles. That is the background to what is happening and the reason why certain cuts are taking place at the moment.

The decision to close Bloxwich police station after 6 pm each day cannot be justified. My figures show that on average, more than 30 residents visit the station at some stage during the time it will be closed. Furthermore, the fact that the police station is closed will lessen the feeling of security among the residents. There may be alternative ways of contacting the police, but that does not alter the fact that the police station will be closed when previously it remained open, and people are concerned about that.

We started a petition to protest about what was happening, and there was not the slightest reluctance by anyone to sign—I would have been surprised if there had been. I know that the Minister is checking the figure I gave about the number of people who go to the station—that is the average figure that has been publicised; if it is not the most accurate figure, so be it. The fact remains, however, that until now and before the cuts were announced, the police station remained open and its closure was never suggested. The only reason the station will close after 6 pm every day is that indicated by my hon. Friends. I hope that, when looking at the situation in Dudley and Coventry, the issue of Bloxwich station and whether it can remain open will also be considered.

Finally, I sent the petition to the police authority with a supporting letter, and I believe that there should be a genuine consultation exercise in which people are asked their views. If the Minister wishes to challenge what I have said about the need for Bloxwich police station to remain open, let a genuine consultation exercise be held in Bloxwich, and other areas of my constituency that use that station, so that people can express their views.

1.17 pm

The Minister for Policing and Criminal Justice (Nick Herbert): I congratulate the hon. Member for Dudley North (Ian Austin) on securing this debate. I recognise that the availability of the police is a matter of concern to his constituents, and the Government share that concern.

Police visibility and availability is important, and we want to see more police officers on the streets preventing and cutting crime, rather than sitting behind their desks. We must, however, recognise that policing today reaches people through many means, not just police stations, and we must be careful not to confuse buildings with the visibility and availability of the police, which I fear may be behind public concern.

I know that the hon. Gentleman recently attended a meeting of the West Midlands police authority at which it considered a report by the chief constable on the proposed operating hours for the force's public inquiry offices, and he also mentioned the petition that he presented. As I understand it, the views expressed by petitioners will be taken into account as a response to the police consultation. The consultation period will continue until 15 January, after which time all responses will be considered. Such decisions are taken locally and not by the Government.

In his report for the authority meeting, the chief constable made plain the force's commitment to a visible and accessible service to the public:

"Providing a visible and accessible service to the public is core to the approach West Midlands Police takes in delivering its mission of 'Serving our communities and protecting them from harm.' West Midlands Police must deliver reductions in its budget of £126 million, but in making these savings we have been clear that we will still offer the protection the public demands, but the way services are delivered must change."

The approach described by Chief Constable Sims reflects the core challenge that the police service faces—to reduce costs while maintaining and, indeed, improving public services. The Government have no option but to reduce public spending. As a service spending £14 billion a year, the police can and must make their fair share of

the savings needed. I think that there is cross-party agreement that the police can make savings; we may disagree about the amount.

The hon. Member for Dudley North and his hon. Friends raised the issue of the funding for the west midlands. Of course, I will revisit the damping decisions to be made in relation to the third and fourth years of the spending review. I understand the point that the hon. Gentleman is trying to make. I have said before that we decided that an even cut across police forces was the only fair solution, because otherwise we would be penalising forces that were already taking more from local taxpayers than others. These are difficult decisions, but we decided that that was the fairest solution. I repeat that we want to move away from damping to full implementation of the formula as a proper reflection of policing need. It is difficult to do that when funding is falling, because it means that other forces would have to pick up the bill and receive a deeper cut than the level proposed by the Government, and those forces would not regard that as fair. Nevertheless, I will continue to consider these matters and have just reassured the chair of the police authority and the chief constable that I will do so. As I continue to take the decisions about individual allocations, I will pay the closest attention to the points being made.

My absolute priority is to ensure that the police service retains and enhances its ability to protect and serve the public, but for that to happen, business as usual is no longer an option for police forces and authorities. A fundamental redesign of police force organisation is needed. This cannot be about salami-slicing police resources. Her Majesty's inspectorate of constabulary has shown that a significant proportion of the police work force are not working in front-line roles—that is certainly true in the west midlands—and that there is wide variation among forces when it comes to the availability and visibility of officers to the public whom they serve. That is evidence that forces can do much more to manage their resources better in order to prioritise front-line services. I know that the very good chief constable in the west midlands has embarked on that mission. He is focusing on the redesign of policing that is necessary to deliver a high-quality service to the public, given that resources are diminishing.

The test of the effectiveness of a force cannot be the total amount being spent on it or the total number of staff it employs—or how many police stations it has or when front counters are open. There is no simple and automatic link between those things and how accessible the police are or how crime is being fought. The effectiveness of a force depends on how well the resources available are used.

It is plain from the report provided by the chief constable to the police authority last week that West Midlands police have devoted more of their resources to managing contact with the public than similar forces have, but without reaching the productivity levels that could be achieved. The cost of that approach is not only financial; it constrains the ability of the force to return officers to the visible policing that the public want. The changes proposed will enable the force to deliver a £1 million saving on the cost of managing contact with the public. They also involve redeploying officers and staff to make better use of their time and skills, rather than staffing police counters at times when few people use them—I will come to that point. Staff from the sites with reduced hours will be redeployed into contact centres, which will improve call handling, and police officers will be released to other duties, so the proposals about which the police are consulting involve changing the balance of resources to improve the way in which the police respond to the public through the channels by which and at the times at which the public actually contact the police, rather than preserving a service in places where and at a time when the public rarely use it.

West Midlands police have found that, during the daytime, on average only two people an hour visit each front counter. Many of those visitors are solicitors visiting the custody facilities or are people whom the police have asked to attend, such as in relation to bail or production of documents. The proposed new opening hours for a number of station front counters will meet two thirds of existing demand, which is concentrated in daytime hours.

I note that the hon. Member for Dudley North has said that one third of front-desk inquiries come between 6 pm and 10 pm. It is worth him looking at the graph produced by the police that shows the actual demand at Dudley police station. I have just been looking at it. He may be right that one third of the inquiries come between those times, but let us look at the actual number of people making visits—those who choose to come in, not those who have been asked to come in by the police, because clearly they could be asked to come in at a different time. I think that the hon. Gentleman knows what the numbers are. At 6 o'clock, the average number was 0.3—0.3 people came in. It was 0.4 at 7 o'clock, 0.4 at 8 pm and 0.2 at 9 pm. At 10 pm, it was zero. During daytime hours, when the counter will remain open, the peak number of visits to Dudley police station came at 2 pm. I wonder whether the hon. Gentleman knows how many people came in at that peak time. One person came in. We need to understand the scale of the numbers of visits, what hon. Members are asking for and the impression that may be being given to local people of what the changes to the service mean.

The hon. Member for Walsall North (Mr Winnick) referred to Bloxwich police station. He is right: there is a little more demand on Bloxwich police station out of hours. I do not know whether his figure of an average of 30 is right. It does not look correct on the figures that I have, but I am happy to take what he says at face value. I can tell him that the peak number of visits in the daytime occurred at 4 pm and that two people came in. At 10 pm, the start of the out-of-hours service that he was concerned about, it was one person. Therefore we need to get all of this in context.

I have consistently said—this view is shared by chief constables—that we must find a new range of strategies for the police contacting the public. There are very good examples up and down the country of forces doing far more with their money—getting more bang for the buck—by finding new ways of contacting the public. Whether that is through the new opportunities that various media present, whether it is through contact centres on our new non-emergency number, 101, where people can get hold of the police, whether it is through the internet or whether it is the contact that the police can have through things such as supermarket surgeries, where they can meet thousands of people, rather than

[Nick Herbert]

the very few who may come in to a police station, it is incredibly important that we realise that there are many more innovative ways by which contact can be maintained.

Mr Winnick *rose—*

Nick Herbert: If the hon. Gentleman will forgive me, I must make one or two final points in response to the hon. Member for Dudley North. I hope that he understands.

Mr Winnick *indicated assent.*

Nick Herbert: I agree with the hon. Member for Dudley North about the importance of driving savings where we can to ensure that front-line activity is protected. That should be our shared ambition. I am committed to it, and so, I know, is Chris Sims. All the things that the hon. Gentleman mentioned are exactly the areas where we are doing that. We are driving hard on procurement. On police vehicle procurement, which he mentioned, the Police Act 1996 (Equipment) Regulations 2011 came into force in March. That means that all forces must now buy vehicles through a national procurement framework. We have identified some £380 million-worth of savings that could be achieved by police forces through better use of IT and procurement. That is a very good example of what the hon. Gentleman was talking about. The point about interoperability was also right. He mentioned interoperability between the blue-light services. We are encouraging forces to collaborate and share services. He will know about the innovative proposals that West Midlands police have in relation to business partnering. We are encouraging the 43 forces to share services and reduce back-office costs. I strongly agree with the hon. Gentleman about all that, and chief constables are working on it.

The hon. Gentleman raised the issue of police and crime commissioners. I am pleased that he said that he was not against them in principle. I know that Labour is now calling for candidates, and I have no doubt that we will be putting up a candidate in the west midlands. I do not know whether the hon. Gentleman plans to run. The truth is that there will be no greater running cost with the police and crime commissioner than there was with the authority. We are absolutely determined about that. There is no reason why the police and crime commissioner should cost more. I believe that it will be a full-time position, because it will involve the important job of holding the force to account, which the authority currently does. It will be vested in one person, rather than the whole authority, so I think that it will be a full-time job in a big force area. We have just decided that it will involve responsibility for victim services as well.

The police and crime commissioner will do the very important job of holding the force to account and being the voice of the people. They will provide a voice for exactly this kind of exercise and pay attention to public concern, but if I were the police and crime commissioner for the west midlands, I would be looking very hard at the proposals that the chief constable has made. I would be looking at the numbers and saying, "Actually, they make sense, given that we need to make savings and improve the visibility and availability of officers by innovative means." When we look at the actual number of visits that hon. Members have talked about, does it really make sense to be saying that making the changes is scandalous and wrong and that the service will not be the one that the public need? I suggest that, if people re-read the report, they will see that the proposal is not an unreasonable one for the chief constable to make. I understand why hon. Members raise these issues. I believe that our objectives are the same, but I also believe that in this case they should be supporting the chief constable in his endeavours.

Zimbabwe

1.29 pm

Andrew Selous (South West Bedfordshire) (Con): It is a pleasure to serve under your chairmanship, Mrs Riordan. I am extremely grateful to Mr Speaker for granting me this debate.

Zimbabwe is an independent sovereign country, but one with which the United Kingdom has strong historical ties. We therefore have a duty to work for the best outcomes for the people of Zimbabwe, because to ignore what is going on there is to condone it.

Let me give a little vignette of what life is like in Zimbabwe. Last week, I was sent the story of a Christmas lunch in Zimbabwe, which, with your permission, Mrs Riordan, I will quickly read out:

> "Half way through lunch two police details came to the gathering and informed us that we had not asked for police permission to have the gathering. The member of staff at whose house we had gathered and myself were taken to the local police station where we were detained for over two hours before being released with a stern warning. We had apparently ignored a law requiring permission to have a gathering at a private house!"

That is a measure of the level to which Zimbabwe has sunk.

There are seven issues I want to address, but first let me give a little context in respect of recent events. About 4 million Zimbabweans have set up camp over the border in South Africa. They are refugees from their country because of what has gone on there. That figure represents 20% to 30% of Zimbabwe's entire population, including the worldwide diaspora of Zimbabweans.

There have been terrible violence and brutality. In 1983 and 1984, there were the massacres of the Ndebele people—the first major post-independence dispersion of Zimbabweans. This was black-on-black violence, and tens of thousands of people were displaced. They fled initially to the second city of Bulawayo, while others left for Botswana and South Africa. This crime against humanity was quickly forgotten by the rest of the world.

The land invasions that began in 2000 were, effectively, a Government-sanctioned looting spree and a desperate election ploy in reaction to the rapid rise of the Opposition Movement for Democratic Change. ZANU-PF was prepared to annihilate vital organs of the economy to win the election. Agricultural productivity declined by 80% between 2002 and 2008. Zimbabwe used to produce about 330,000 tonnes of wheat a year; last year, it produced 11,000 tonnes, and this year, it produced 10,000 tonnes.

Neil Parish (Tiverton and Honiton) (Con) *rose—*

Andrew Selous: I give way to my hon. Friend, who is an expert on agriculture.

Neil Parish: I was an election observer in 2000. At that time, the farms were being overrun. It was not just the white-owned farms that were affected, but all the black workers who were driven off them. Ever since, there has been virtually no production on that land. Zimbabwe should be one of the bread baskets of Africa; instead, it has to import food. Everything we can do to bring about change and some sense in Zimbabwe would be great.

Andrew Selous: I am really grateful to my hon. Friend for getting that on the record.

There were three years of national food deficit in the 20 years from independence to the beginning of the land invasions, and those three years were actually years of severe drought. In the other years, the country maintained an export surplus. Since 2000, when the land invasions started, there have been 11 consecutive years of food deficit.

There are now 1 million AIDS orphans out of a resident population of about 11.5 million. One child in four has lost one or both parents to AIDS. Meanwhile, up to 500,000 of the 1 million farm workers who were removed from white farms have died as a result of a combination of malnutrition and inadequate health services.

Water supply and sewerage systems are wholly inadequate, and one of the largest outbreaks of cholera in world history took place in 2008, infecting 100,000 people and killing more than 4,000.

The country's jails became concentration camps. For many people, a petty offence of false conviction became a death sentence. Indeed, in 2009, six people starved to death in their cells.

The first major issue I want to concentrate on is the prevention of violence and intimidation in the run-up to the general election. In the 2008 elections, polling station results were used to target areas of Opposition sympathy. Huge groups of militia roamed the countryside, beating, burning and killing people at random. Torture bases were established—nightmarish places where the innocent were afflicted for days at a time.

In this period, more than 200 people were killed, thousands were beaten—hundreds of them now have lifelong disabilities—and tens of thousands were displaced. This was revenge and pre-emptive action rolled into one. The message driven home was that people's choice in the second round of the vote was literally between President Mugabe or death. Rightly or wrongly, the MDC decided to pull out of the election with a week to go, hoping to spare people further suffering.

The International Crisis Group in southern Africa warns that there is a real danger that ZANU-PF will employ violence again to force people to vote. As we know, there must be an election before 2013. Reports in the independent press and statements by Opposition parties indicate that violence is already escalating significantly across the country.

On 10 November, *Southern Africa Report*, the South African Development Community's bulletin of political and economic intelligence, announced that the Zimbabwe Defence Force had taken delivery, via an African intermediary, of the first of several consignments of Chinese small arms and equipment—a deal said to have been negotiated by Defence Minister Emmerson Mnangagwa. The consignment included 20,000 AK47 automatic rifles, uniforms, 12 to 15 trucks and about 21,000 pairs of handcuffs.

Given the escalating pre-election violence and ZANU-PF's consistent history of initiating country-wide campaigns of violence to force the electorate to vote for President

[Andrew Selous]

Mugabe, international observers and monitors are essential, and I will press the Minister to respond to that point when he replies. Additionally, a peacekeeping force, which could be deployed in the country at least three months ahead of an election, particularly in rural areas, would help to protect the lives, livelihoods and homes of vulnerable communities. The peacekeeping force should be required to remain in place after the election to prevent violent retribution.

We need to look at reform of the security forces in Zimbabwe, because even under the multi-party Government, the armed forces remain central to all aspects of life. The Joint Operations Committee, which is a non-statutory body, is made up of President Robert Mugabe's inner circle, and it remains antagonistic to the unity Government with Morgan Tsvangirai and the MDC. It is also distrustful of non-military politicians, even in President Mugabe's own ZANU-PF party.

The security forces' access to economic opportunities has strengthened their bond with President Mugabe and their willingness to defend the status quo. While conventional military capacity and competence have declined massively since the 1990s, Zimbabwe's security forces remain a major and arguably the central obstacle to the resolution of the country's political instability. Unless the security sector is reformed, violence initiated by ZANU-PF is likely to continue, making the holding of free and fair elections problematic at the very least.

On racism, there are further steps that we can take. Is it not a pity that Zimbabwe does not look across the border to Zambia, one of whose vice-presidents, Dr Guy Scott, happens to be white and a democratically elected politician? Would it not be good if Zimbabwe had the same spirit as Zambia and took the same action?

Zimbabwe actually signed the United Nations convention on the elimination of all forms of racial discrimination on 13 May 1991. That bound Zimbabwe to allow its people full and equal enjoyment of human rights and fundamental freedoms, as well as the right to property and protection before the law. It also condemned racial propaganda and hate speech. Unfortunately, it does not allow for individuals to activate procedures to get the UN to ensure compliance; it needs a fellow signatory United Nations state to do that.

For more than a decade, the Zimbabwe Government and ZANU-PF have been allowed to get away with demonstrably defying the treaty. No signatory state has called for an investigation. No signatory state has asked for the 18-member sitting committee of independent experts to be activated and to go to Zimbabwe. No signatory state appears to care enough about racial discrimination in Zimbabwe to do anything about it. Frankly, many people find that hypocritical.

What would the benefits be of a signatory state getting the UN committee to investigate under article 11 of the convention? The committee would undoubtedly act as a deterrent for continued acts of abuse in the land programme and the indigenisation programme, just as the habitat investigation acted as a deterrent to stop the further destruction of hundreds of thousands of homes by state bulldozers back in 2005. It would help protect the region's judiciary, by taking the issue to an independent UN body, and it would provide the west with a defence against the fantastical charges of neo-colonialism when it raises concerns about racial issues. It would provide any future democratic Government with support to resolve the land issue in Zimbabwe. It would also help to restore much needed investor confidence in the country.

I am concerned about the Zimbabwean Government's consistent refusal and failure to recognise international legal judgments. For example, the international and regional court of the SADC tribunal, which the SADC Heads of State suspended in May due to pressure from President Mugabe and ZANU-PF, needs international support to become a functioning court once more. Individual states must be held accountable in future, so that the rule of law and human rights can be promoted in the SADC region. Pressure needs to be exerted on policy makers, to ensure that the SADC treaty and protocol are not changed in the August 2012 SADC summit, and I hope that the United Kingdom will be active in ensuring that. Without an international regional court, there is little hope of effective accountability or economic development being able to take place in the region. Furthermore, significant economic development cannot take place without respect for property rights, human rights and the rule of law, something with which the UK Government are already properly concerned in their international development policy.

I want to turn to the Marange diamond fields. I am grateful to the hon. Members who have joined me for the debate. They may be aware that participants in the Kimberley process agreed to relax the ban on export sales last month, subject to an adequate verification regime being in place. The European Union, the United States and Canada switched from opposition to the ban to abstention. The human rights group, Global Witness, is leaving the Kimberley process in protest at that decision. It is estimated that last week's diamond auction could raise about $300 million US dollars. Contacts that I have in Zimbabwe commented earlier this week as follows:

> "The situation is worse now than it has even been, the needs are spiralling. The theft of the diamonds has sadly given ZANU-PF a new lease of life and the future looks grim. There is no reason to think that when Mugabe dies the position will improve."

That gloomy prognosis for Zimbabwe directly relates to the sales of diamonds from the Marange mine.

Ian Paisley (North Antrim) (DUP): Does the hon. Gentleman agree that although the picture may look grim, as the wave of life eventually laps from Mr Mugabe, there is a significant opportunity for that country to re-establish and redevelop itself and put in place the democratic structures that ought to be?

Andrew Selous: I am grateful to my hon. Friend for attending the debate and intervening. Like him, I am an optimist; I think that Zimbabwe can have a fantastic future, given its agricultural productivity, the resources of its people and its natural advantages in the region. The challenge for us is to help the political process to allow that to happen, so I agree with the point that he made.

On the treatment of Zimbabwean Anglicans, hon. Members may know that the Archbishop of Canterbury, Rowan Williams, was recently accompanied in Zimbabwe by bishops, not only from Zimbabwe, but from South Africa, Tanzania, Botswana and Malawi, all of whom were absolutely horrified at what has been happening to

Zimbabwe's Anglicans. Since 2007, Anglican congregations have suffered systematic harassment and persecution at the hands of the police, often in direct contravention of court rulings. A report, which was handed to President Robert Mugabe, outlined details of that litany of abuses, which include false imprisonment, violence and denial of access to churches, schools, clinics and mission stations.

In the dioceses of Harare and Manicaland, properties belonging to the Anglican province have been misappropriated. It is a matter of the greatest sadness that Zimbabwean Anglicans are being prevented from continuing their work supporting local and often very needy communities with health care and education. Their priests and people are being denied access to their own clinics and schools. Many such institutions have been taken from Zimbabwe's Anglicans, and are now under corrupt or poor management, being rapidly run into the ground and stripped of their assets. Details of that unwarranted activity and its impact on local communities were presented to President Mugabe in a report by Archbishop Rowan Williams. Every week, tens of thousands of Anglicans are denied their basic right to worship, because of the lies and falsifications propagated by the now excommunicated former bishop, Dr Kunonga, and his associates.

I have concerns about how the sanctions might be being evaded in Zimbabwe, and I ask that the Minister look into that. A glaring issue is that nationals of countries, including the UK, that have applied the sanctions—both individuals and companies—have continued to support the regime and nothing has been done about them. The British Government and others punish ZANU-PF, but fail to police their own citizens and, according to my sources, that includes companies such Old Mutual.

ZANU-PF officials have been able to externalise huge quantities of funds through share swaps between the Zimbabwean and London stock exchanges. Old Mutual has joint ventures with the Government of Zimbabwe that started before the formation of the unity Government, yet nothing is done. Moreover, those investments are directly connected to gross human rights abuses. Old Mutual has shares in a joint venture on the diamond fields where more than 200 panners in rags were gunned down from helicopters to clear the decks for investors. There are numerous reports of ongoing abuses. I understand that Old Mutual claims that any regrettable events predate its involvement.

The Central African Mining and Exploration Company purchased land from the Zimbabwean Government believed to have been extorted from another mining company and, in doing so, poured tens of millions into the pockets of the regime at a time when it needed election resources. What action can the British Government take on those issues?

The final words of my contribution should come from two black Africans, not a white Englishman.

Kate Hoey (Vauxhall) (Lab): I congratulate the hon. Gentleman on securing the debate. Before he concludes, will he say something more about sanctions and restricted measures? He understands, as does the Minister, that the EU will decide what will happen with sanctions in February. Does he agree that it must be handled incredibly carefully and that we must not rush into removing any of those restricted measures, unless there is real evidence that it will make a difference to the political framework of getting a peaceful resolution and a free and fair election?

Andrew Selous: I welcome the comments of the hon. Lady, who is chair of the all-party group on Zimbabwe. She is right; the current regime has concerns about the sanctions. I think that they are partially effective. Her comments are wise, and I hope that the Minister will heed her words.

Oliver Colvile (Plymouth, Sutton and Devonport) (Con): I congratulate my hon. Friend on securing the debate. Does he recognise that South Africa is vital to getting a political solution in that part of southern Africa? A very big problem for President Zuma is that President Mugabe is still seen as a war hero and as the last war hero from the great struggle in the first place. That has made life difficult for President Zuma in trying to deliver.

Andrew Selous: My hon. Friend is absolutely right, and on hearing the remarks of former Archbishop Desmond Tutu, with which I intend to conclude, he will hear that he is also in agreement with him on that point.

Our own Archbishop of York, John Sentamu, was born in Uganda in 1949. A former lawyer, he incurred the wrath of the dictator, Idi Amin, because of his judicial independence, and was locked up for 90 days three weeks after his marriage. In a speech in 2007, he described how he had been

"kicked around like a football and beaten terribly".

He is a man who has suffered in a similar way to many Zimbabweans. He went on countless marches to campaign for the end of the unilateral declaration of independence of Ian Smith and calls Zimbabwe

"a scourge on the conscience of the entire world".

He is disappointed by the African Union's response to Zimbabwe. He calls for the UN to make Zimbabwe a priority, saying:

"If it does not, the blood that is spilled will also be on their hands."

He has also called for President Mugabe and his officials to be brought before the International Criminal Court.

Desmond Tutu is Archbishop Emeritus of South Africa. He said that the incomprehensible greed, appalling lack of compassion and unspeakable cruelty demonstrated by the Zimbabwean elite contradict the classical African concept of ubuntu—the essence of being human. He described the

"state-orchestrated crimes against humanity on a massive scale countrywide"

and said that Zimbabwe's plight is all our plight and that

"to ignore its suffering is to condone it."

I look forward to hearing what action the UK Government will take, particularly on election observers, the outstanding SADC legal judgements, action in the United Nations, the integrity of the sanctions regime and the Marange diamond fields.

1.50 pm

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Mr Henry Bellingham): First, I congratulate my hon. Friend the Member for South West Bedfordshire (Andrew Selous) on securing

[Mr Henry Bellingham]

this debate, and I praise him for his concise and compelling speech. If I do not answer all his points, I shall write to him after the debate.

The timing of the debate is certainly opportune—ZANU-PF is currently holding its conference in Bulawayo, and it has an important few days ahead of it. Next year and early 2013 will be a pivotal time for Zimbabwe. The actions that ZANU-PF and other political parties take in the next 18 months will have a huge impact on the shape of Zimbabwe's future.

Our policy at such a crucial moment can be summed up simply: we want to do all that we can to support the Zimbabwean people's aspirations for a more democratic, stable and prosperous country. To set out what that means, it might be useful for me to provide a brief update on the situation on the ground and the role that the UK is playing.

It is important to recognise that the reform process has not stood still. Although movement is slow and can often be obscured by events, progress has been made. The economy, under the stewardship of the quite excellent Finance Minister Tendai Biti, continues to show signs of robust recovery. He forecast an impressive 9.5% growth in 2012 in his budget speech last week. There is a lively media, and newspapers that are openly critical of the Government are sold every day on the street corners of Harare. The provision of basic services has improved out of all recognition, supported by the important contributions of the Department for International Development and others in the donor community. Textbooks are now in every secondary school, medicines are in hospitals, and food is on the shelves. Zimbabwe has come a long way since its nadir in 2008, and we can be proud of the role that we have played.

There has also been progress, but not as much, in the political arena. Constitutional reform is moving forward, and although the process has been tough and slow, there seems to be no doubt on any side that a new constitution will be adopted before the next elections. There will almost certainly be a referendum on the new constitution early next year.

However, despite those green shoots of progress, there are considerable causes for concern. There are still those in Zimbabwe who seek to erode the reform process to retain their personal hold on power. The promising figures of the budget mask an unsustainable over-spend in public sector salaries. Violence and intimidation targeting activists from civil society and both Movements for Democratic Change continue, especially at the hands of the Chipangano militia group in Harare. Partisan political bias within the state security mechanisms threatens to undermine Zimbabwe's democratic foundation, as has been demonstrated by the cancellation of four Movement for Democratic Change-Tsvangirai rallies by the police last month. A particularly acute illustration of that concern is the recent death threat made by an alleged state security officer to an MDC-T Member of Parliament, in response to points raised about the Marange diamond fields in a parliamentary debate. My hon. Friend the Member for South West Bedfordshire also gave other examples.

Ian Paisley: I would like to put on record my thanks to the Minister for his kindness and his good work and briefing that he has given many of us across the House on Africa and African issues.

Recently I had the opportunity of hosting Roy Bennett here. Will the Minister consider arranging for his officials and himself to receive a briefing from Roy Bennett about some of the ongoing party persecutions in Zimbabwe?

Mr Bellingham: I am grateful to the hon. Gentleman for raising his meeting with Roy Bennett. I also had the chance to meet Roy Bennett when he was here, about six weeks ago. He gave us a fairly comprehensive report, which we have seen. We will look at any other report he produces, because we have great admiration and respect for him.

My hon. Friend the Member for South West Bedfordshire mentioned Marange diamonds. I would like to touch briefly on the recent Kinshasa agreement of the Kimberley process. It was the result of considerable diplomatic effort by the European Union and our partners, and we played a full role in it. I believe that the outcome, although not perfect, is a reasonable one for both Zimbabwe and the KP. We went into the negotiations with clear red lines on what we would not compromise on, and they remained intact in the final deal.

Under the terms of the agreement, Zimbabwe can export only diamonds from the Marange region that comply with KP standards. We need only to look at Minister Biti's budget statement to see the importance of that revenue to the Zimbabwean Treasury. Furthermore, the agreement establishes a credible and independent monitoring mechanism to ensure that the standards are respected, which includes a role for civil society. The EU, Canada and other countries were pivotal in driving that forward. The United States abstained, but we were satisfied with the outcome because our red lines were kept in place.

I will say something about the subject of land and the continuing practice of illegal farm invasions. Such abuses are once again increasing in frequency. It causes privation not only to farmers and their workers, who are being forced from their land, but to the entire agricultural sector of Zimbabwe. As my hon. Friend pointed out, tobacco yields are down 38% on 2000 levels, and wheat yields are down a staggering 82%. As my hon. Friend the Member for Tiverton and Honiton (Neil Parish) said, the fact that a country of Zimbabwe's agricultural potential still requires food aid for its citizens is quite appalling, and it is a result of destructive and vindictive land policies.

It is not only the UK that judges such actions to be illegal and in contravention of the global political agreement; it was also the judgment of a 2008 Southern African Development Community tribunal, which ruled in favour of three Zimbabwean farmers, including the late Mike Campbell. The demise of that tribunal was a retrograde step for regional law, but despite its suspension, the ruling was upheld by a South African court this June.

We have always recognised the central importance of the land question to Zimbabwe, which is why we contributed to a land redistribution programme immediately after independence. While we have never accepted the allegation that the UK alone should fund compensation for land redistribution, we remain willing to engage other donors

in a land reform programme in Zimbabwe that is transparent, fair and pro-poor. We regard a land audit, as provided for in the GPA, to be a necessary first step in the process, and the EU made it clear some time ago that it was willing to fund such an exercise.

Continued farm invasions are symptomatic of a wider disregard for human rights, which extends to those of different political and religious persuasions. I welcome the suggestion made by my hon. Friend the Member for South West Bedfordshire on the UN convention, and I will write separately to him. I want to assure the House that the Zimbabwean Government are under no illusions of our strong condemnation of the ongoing abuses.

The enduring uncertainty over the timing of the next elections is at the centre of much of the abuse. Under the terms of the existing constitution, elections must be held by June 2013. What is crucial is that polls, when held, are preceded by the necessary reforms and avoid the devastating levels of violence that were seen in 2008. To that end, the UK fully supports the efforts of SADC, particularly those of South Africa and President Zuma, as they work with all three main Zimbabwean parties to agree a path to the finalisation of the GPA and a road map to elections. I assure my hon. Friend that the road map will include key items, such as provision for proper observers and monitors, a fully independent electoral commission and an electoral roll that is fit for purpose. As he pointed out, it is vital that the police and army stay out of the electoral process.

Regional engagement is essential. No country exists in a vacuum. I certainly agree with my hon. Friend that the recent Zambian election provides an impressive regional role model to follow. We, as outsiders, have only a secondary role to play, but I assure Members that we have been absolutely explicit in assuring the southern African region of our commitment to and full support for their efforts. We stand ready to do more if called upon, and have made clear, for example, our willingness to participate in the provision of international monitors.

As for the EU's targeted measures, we have made it crystal-clear—I say this clearly to the hon. Member for Vauxhall (Kate Hoey)—that we stand ready to revisit the measures only in response to concrete changes on the ground.

Zimbabwe is facing an absolutely critical time. Lessons must be learned from what has happened elsewhere in Africa, including northern Africa. A free and fair poll, which respects the will of the democratic majority of Zimbabweans, should follow the example of Zambia—

2 pm

Sitting adjourned without Question put (Standing Order No. 10(11)).

Westminster Hall

Wednesday 7 December 2011

[ALBERT OWEN *in the Chair*]

Sudan and South Sudan

Motion made, and Question proposed, That the sitting be now adjourned.—*(Jeremy Wright.)*

9.30 am

Mr William Bain (Glasgow North East) (Lab): It is a pleasure to serve under your chairmanship again, Mr Owen. I declare an interest as the new chair of the all-party group on Sudan and South Sudan, and I pay tribute to the work of my predecessor, my noble Friend Baroness Kinnock, for her commitment to alleviating poverty and hunger throughout the region.

This is a particularly timely debate, as it is nearly six months since South Sudan became the newest member of the international community. It is a new state with good natural resources, particularly in agriculture, but with genuine challenges as one of the least developed countries in the world. Chronic food insecurity in Sudan and South Sudan has been exacerbated by delayed rains in South Kordofan, the conflicts in that state and in Abyei and Blue Nile, and rising commodity prices linked to global factors and border restrictions and closures.

Conflict has meant that hundreds of thousands of people, those who were displaced and those who were not, have missed the planting season and remain unable to access their livelihoods. As of 4 September, some 4 million people in Sudan and as many as 3 million in South Sudan were at risk of food insecurity according to the UN's Food and Agriculture Organisation, which is of particular concern because the Sudanese economy depends on agriculture for almost a third of its output.

There have been significant recent developments across the two nations. Negotiations resumed between Sudan and South Sudan on 21 November in Addis Ababa, on several issues outstanding since the secession of South Sudan and expiration of the mandate of the comprehensive peace agreement in July. The negotiations focused on the sharing of oil revenues and on debt, trade, citizenship and border demarcation. But violence continues across Blue Nile and South Kordofan states in Sudan, with new waves of conflict-displaced people heading into South Sudan. The Sudanese armed forces state that they have captured key rebel holdings in Taruje, South Kordofan, which rebel Sudan People's Liberation Movement North forces deny. Médecins Sans Frontières states that new waves of refugees are reported to be fleeing the Blue Nile region for South Sudan, as the Government army have intensified air raids on the rebel SPLMN. That follows reports by the Satellite Sentinel Project of aerial bombardments of civilian areas between 11 and 27 November by the Sudanese armed forces in Blue Nile state. Thirteen thousand refugees have been reported thus far. Tens of thousands of southerners in the north attempting to return to South Sudan are left in limbo, unable to return home or reintegrate into life. They have sold their homes and possessions and are stuck in temporary camps with limited access to basic amenities.

Unresolved issues between Sudan and South Sudan continue to give rise to considerable tension, as the Government of Sudan continue to halt the south's oil exports until a transit fee is arranged. Sudan is also confiscating 23% of the south's oil entitlement as payment owed since independence. It is significant that China has sent senior official Liu Guijin to mediate between the two states. Catherine Ashton, the European Union's High Representative of the Union for Foreign Affairs and Security Policy, has expressed deep concern about the fighting in Blue Nile state and South Kordofan. The EU made €40 million available for humanitarian action in Sudan and South Sudan throughout September, part of which was set aside for South Kordofan. As I mentioned earlier, in late November, the EU welcomed the resumption of crucial negotiations in Addis Ababa between Sudan and South Sudan under the auspices of the African Union high level implementation panel, led by Thabo Mbeki. It urged both parties to make every effort to resolve outstanding issues, including those related to oil, transitional financial arrangements, borders and Abyei, and to reach a negotiated settlement.

The EU has announced that it would provide funds for new early recovery projects in areas of Darfur where the security situation is stable and to where displaced people have voluntarily decided to return, with priority being given to health, education, food security and securing livelihoods. On 11 November, the EU Commissioner for Development, Andris Piebalgs, announced that the European Commission had pledged €200 million to South Sudan to address key sectors such as health, education, rule of law and infrastructural development, particularly in connection with the construction of feeder roads. But the EU has not been able to disburse the €294 million pledged to Sudan in 2008 for between then and 2013, as Sudan chose not to ratify the revised Cotonou agreement because it included clauses about co-operation with the International Criminal Court.

There are ongoing conflicts in Abyei, South Kordofan, Blue Nile state, and Darfur. In Abyei there are still flows of people crossing the Banton bridge from Agok and going to areas north of the Bahr al-Arab, or Kiir river. Some 60 people cross daily and fewer return. The UK's Special Representative for Sudan, Michael Ryder, stated in Juba on 1 December that the deployment of UN troops from Ethiopia in the Abyei region has led to improvement in the stability of the area. He indicated that civilians are now able to return to their homes and that the remaining controversy is about the formation of the Abyei administrative council. The Government of Sudan have indicated that they will fully withdraw their troops once the council make-up has been agreed.

In South Kordofan, international non-governmental organisations estimate that 300,000 people have been displaced since the summer. A camp for refugees from South Kordofan in Yida, South Sudan, was bombed by the Sudanese armed forces on 10 November, an act that has met with international condemnation. The United Nations High Commissioner for Refugees now plans to facilitate the voluntary relocation of some Sudanese refugees from the Yida site to safer locations further south. Heavy shelling has been reported though, and

[Mr William Bain]

the UNHCR reports that 80,000 people have now fled conflict in South Kordofan and Blue Nile state. Some 36,000 Sudanese refugees are estimated to be in Ethiopia, in three refugee camps—Sherkole, Tongo and Fugnido—as well as at Adimazin transit centre. Foreign aid workers and journalists are still prohibited from accessing the area to verify information and provide much needed humanitarian aid.

Mr Gregory Campbell (East Londonderry) (DUP): I congratulate the hon. Gentleman on securing this debate. He is turning now to international access and the lack thereof, particularly by journalists. He is eloquently outlining the problems, but does he agree that one of the big issues from now on will be the information to the west and the developed world about what exactly is happening in Sudan and South Sudan, so that we can more appropriately and better deploy the resources to help the people there?

Mr Bain: The hon. Gentleman makes a very interesting and accurate point. It is interesting that more than 35,000 refugees have been displaced from Blue Nile state into Ethiopia, but up to 13,000 new refugees are fleeing Blue Nile into South Sudan as the Sudanese armed forces' air raids on rebel forces are reported to have intensified on 2 December. Information about what is happening on the ground will be critical to resolving the disputes.

Jim Shannon (Strangford) (DUP): Is the hon. Gentleman aware that some 700,000 southerners of Sudan have not had their nationality recognised? They are in a grey area—limbo-land. Does he feel that the Government should be doing more to address that issue, so that people know where they belong? Is it north, is it south—where are they?

Mr Bain: That is the issue to which I referred a few moments ago. I thank the hon. Gentleman for raising it once more. Clearly, the Government should use their influence to speak with Catherine Ashton and UN agencies to ensure that the issue is resolved in negotiations between the two states as urgently as possible.

To return to dislocation, a further 8,000 refugees are thought to be on the move towards South Sudan from Blue Nile state. Some are reported to have walked for more than a week to reach safety in Doro village in South Sudan, 40 km from the border between the two states. Satellite images captured in November indicated that war planes had attacked villages directly. Between 10,000 and 15,000 refugees are estimated to have fled to the border areas of Upper Nile state after infighting in Blue Nile state, according to UNHCR information.

The UN has reported new cases of displacement in both North Darfur and West Darfur as a result of continued offensives between the Government and rebels. Population movements have also been recorded in South Darfur due to ongoing military operations. Groups displaced before July continue to lack proper access to water, food, health care and sanitation, and humanitarian relief access to the area is also lacking. I hope that the Minister will address several issues in his closing remarks. Will the Government make representations at EU level so that all parties unite in calling for the two states to ensure the welfare of civilians by refraining from the use of explosive weapons in populated areas, agreeing an immediate ceasefire and allowing unimpeded humanitarian access? Will the Government engage in diplomatic efforts and encourage actors with leverage over both parties to seek a political solution to the crisis, including by completing post-comprehensive peace agreement negotiations with support from international or regional arbiters, and ensure that the promised popular consultations in South Kordofan and Blue Nile take place as part of broader efforts to include the concerns and priorities of civilians in peace negotiations?

Mark Lazarowicz (Edinburgh North and Leith) (Lab/Co-op): I congratulate my hon. Friend on securing this debate. His point about encouraging all those with influence on both countries to exercise it to bring about peace is crucial. What role does he think the Arab nations in particular have to play in providing influence on the Sudan Government? I know that the Sudan Government were congratulated by the new Libyan Government on the support that they gave Libya. Maybe that influence could now be reciprocated to encourage progress in Sudan.

Mr Bain: My hon. Friend raises an interesting point. Where the Arab League and other actors in the Arab world can exercise positive influence, we should welcome that.

It is essential to support the efforts of the UN emergency relief co-ordinator to secure full and unimpeded humanitarian access. Will the Government encourage the EU to seek an end to any support for non-governmental armed groups operating on either side of the border, and support the establishment of a demilitarised zone monitored by the UN along the border?

The international community has been engaged fully in development issues since the signing of the comprehensive peace agreement in 2005, but one in eight children die before their fifth birthday, the maternal mortality rate is one of the highest in the world and more than half the population lives below the poverty line. More than 220,000 people were displaced by conflict last year, and more than 100,000 were affected by floods. Already this year, fighting in the disputed border areas, clashes between the Sudan People's Liberation Army and militia groups, disputes over land and cattle and attacks by the Lord's Resistance Army have forced nearly 300,000 people from their homes.

The 38 aid agencies working in South Sudan have made several recommendations: strengthen the capacity to deal with humanitarian crises; prioritise food security; strengthen the role of civic society; work with the Government of South Sudan to enhance social protection; encourage the development of smallholder agriculture as a means to improve women's economic participation; address the land issue for returnees, internally displaced persons and vulnerable groups; and provide technical support for the Sudan-South Sudan border co-operation policy. The Sudan unit within the Foreign and Commonwealth Office has indicated that £150 million will be allocated for Sudan each year, with £90 million going to the Republic of South Sudan. To what priorities will that spending be devoted?

The people of Sudan also suffer the plight of HIV/AIDS. An estimated 40,000 people in South Sudan are living with HIV, about 14,000 of whom are eligible for treatment. Of those, only about 3,500 are receiving the medication that they need to return to health and prevent further infections. Between now and 2014, at least 11,000 people living with HIV/AIDS in South Sudan who need antiretroviral treatment will not have access to it, and might die unless additional funding is found. I commend the work of Alliance South Sudan, which currently supports 92 community-based organisations across 23 counties in eight of South Sudan's 10 states, on its efforts to build capacity for an integrated HIV response.

The Global Fund to Fight AIDS, Tuberculosis and Malaria was founded in 2002 in response to the devastating impact of those three diseases. It is the largest international financier of action against AIDS, TB and malaria and accounts for 80% of funding for TB, three quarters of malaria programmes worldwide, and half the global AIDS response. It is currently chaired by the United Kingdom. To date, it has disbursed more than $20 billion in 150 countries, saving an estimated 6.5 million lives. It was rated as a high-performing institution providing very good value for money in the multilateral aid review carried out last year by the Department for International Development.

At the board meeting two weeks ago in Accra, however, it became apparent that, for the first time in the fund's history, its supporter countries lack available funds to sustain the next round of funding. The decision was taken to cancel round 11, delaying any expansion in programming until 2014 at the earliest. That means that the fund will not be able to put more people on vital TB treatment or provide additional bed nets to prevent the spread of malaria. It will also lead to rapidly growing waiting lists for life-saving HIV medicine over the next two and a half years.

The replenishment conference in October 2010 raised just $11.7 billion to cover programming between 2011 and 2013, rather than the $13 billion required to maintain programming and modest expansion, or the $20 billion needed to scale up towards universal access. In addition, donor countries have not paid the amounts pledged on time or in full. South Sudan is among those countries where the delay could have a devastating effect. South Sudan was depending on the fund's round 11 disbursement to fill a significant funding gap within its health response. Although it has a fully costed national AIDS plan, the plan has a funding gap of 80%.

The UK pledged £384 million in October 2010, in line with the existing £1 billion pledge to the fund between 2008 and 2015 made by the previous Government. The Government are paying in full and on time, and have advanced some payments to help ease the fund's cash flow issues. The UK has also pledged a significant increase in its contribution dependent on implementation of reforms, following the multilateral aid review's rating of the fund as very good value for money, but nine months after the intention to increase funding was announced, it has not been confirmed.

Will the Minister agree to liaise with DFID to discover whether we can expect an announcement before the fund's mid-term replenishment, due by mid-2012? Will the Government consider making allocations from DFID's budget to deal with important issues such as prevention, care and support and work with children affected by AIDS in South Sudan? Will the UK use its influence to encourage other contributor states, such as Belgium, Denmark, the Netherlands and the United States, to follow through the commitments to tackle HIV/AIDS—US Secretary of State Hillary Clinton made that commitment in her speech on world AIDS day last week—by offering more financial support to the global fund? Could such action involve the hosting of a special donor conference next year?

The challenges to alleviate poverty and suffering across the two nations are severe. In July, Save the Children reported that South Sudan has the world's worst maternal mortality rate, that a fifth of all its children suffer from acute malnutrition, and that only 10% of children complete primary school. A hundred midwives and fewer than 500 doctors cover a population of 8.3 million people. This represents the biggest development challenge in the world, and our response to facilitating an end to the internal conflict that has scarred the region for too long is a test of leadership for the international community.

9.51 am

Martin Horwood (Cheltenham) (LD): It is a pleasure to serve under your chairmanship, Mr Owen. I congratulate the hon. Member for Glasgow North East (Mr Bain) on securing this timely debate, which is a reminder, if one were needed, that the securing of comprehensive peace agreements and the achievement of independence do not in themselves deliver peace and security or the welfare of the people involved. The situation in Sudan and South Sudan is, if anything, more worrying today than it was only a few months ago.

The hon. Gentleman rightly referred to the interaction between armed conflict—some of it state sponsored—and the creation of refugee situations, which are making the development picture and the welfare, health and security of the people even worse. He referred specifically to the attack on 10 November, when it was reported that there was a bombing raid on a refugee camp in South Sudan, apparently carried out by north Sudanese forces.

On that same day, a US satellite monitoring group also reported that the north was building up and upgrading its air bases and air resources in what could be perceived as the precursor to an even wider aerial bombing campaign. Those are worrying signs, especially when put in the context of the truly appalling record of the Bashir regime in north Sudan. Mr Bashir has repeatedly stated that there is no room for cultural or ethnic diversity in the Sudanese state, and has predicted the fall of South Sudan as a failed state.

Clearly, it is possible that Mr Bashir is himself trying to make that prediction come true and make it self-fulfilling. His record clearly indicates support for terrorist organisations and a closeness to Iran; Sudan is Iran's only Arab ally. A staggering number of deaths have been caused by the conflicts to date. It is possible that some 2 million people have died in Sudan during this present conflict—possibly as many as 300,000 in Darfur alone.

The International Criminal Court has warrants out for Mr Bashir's arrest, not only for war crimes but for crimes against humanity and, since July, for genocide; a further two ICC arrest warrants are still outstanding. The list of outstanding issues between South Sudan and the north is lengthy and worrying. It covers citizenship,

[Martin Horwood]

the border, debt, oil revenues, security and the status of arms. Sudan has still not implemented key parts of the comprehensive peace agreement. Critically, an independent national human rights commission has still not been established, and there are serious unresolved issues in the provinces of South Kordofan and Blue Nile.

The hon. Gentleman rightly outlined many of the effects of this kind of uncertainty and conflict, the attitude of the Sudanese Government in the north and the way in which they interact with the situation. I will not repeat some of the appalling statistics that he cited. The question is: what do we think can be done about this and what can the Government do?

I know that the Minister has himself visited the region, as has the Secretary of State for International Development, which is welcome, and we have raised both the implementation of the comprehensive peace agreement and the issues of human rights with the Foreign Minister, Ali Karti, only in the past month. The situation, however, needs to progress and that does not seem to be happening at the moment. Simply making representations to the Sudanese Government does not seem to be having a great effect.

I think that we have other levers at our disposal. It is right that the focus of the Government's international development assistance programme for Sudan and South Sudan should be concentrated on the south, where the development indicators are truly appalling. The worst statistic that I have seen comes from the Christian charity World Vision, which states that a 15-year-old girl in South Sudan

"has a higher chance of dying in childbirth than completing school".

It also notes that

"One out of every seven women who become pregnant will probably die from pregnancy-related causes",

and that

"While the under-five mortality rate has decreased, one out of every seven children will die before their fifth birthday (135 per 1,000 live births)".

Nevertheless, some 35% of what I think is the £140 million a year committed to Sudan and South Sudan—some £50 million per annum—is committed to the north. Does the Minister have an assessment of how well that spending is going? Is it being targeted at measures that will help reduce conflict? The non-governmental organisation Saferworld has highlighted the need to control small arms in the north. Can our development assistance facilitate projects such as the Regional Centre on Small Arms, which will try to reduce the potential for conflict in small areas, at least in a small way?

It has been suggested that the role of the Arab League, which is now a very interesting organisation, might be stepped up. I think that, for many years, many people in this country and in the west wrote it off as a talking shop, but it has pursued a much more active policy over Libya and now over Syria. The potential for the Arab League to play a much more proactive role in trying to avert further conflict in Sudan and to put pressure on the Bashir regime is important.

There are other interesting forces in the region. I was at a symposium yesterday that involved members of the Muslim Brotherhood organisations and parties in the emerging democracies of Libya, Tunisia and Egypt. The Egyptian Muslim Brotherhood is, of course, located close to Sudan. Those parties are trying to prove their democratic credentials and to reassure potential western allies that, if they play a part in government in what we hope will be new democracies, they will respect human rights, have due respect for the rights of minorities and observe the democratic process.

If those parties are seeking connections with the British Government and positive and reassuring relationships with us, perhaps one of the tasks that we could set them, in a friendly way, would be to seek whatever influence they can over the regime and the Islamist movements in Sudan, and to point out that political Islam does not have to be synonymous with repression, the denial of human rights and a determination to exclude the rights of minorities.

There are other factors. The debt issue is important, because Mr Bashir would like to have access to support from everyone—from the International Monetary Fund, to the World Bank, to the African Development Bank. That seems to give us some international leverage. Has the Minister had any conversations with any of those multilateral institutions to see whether there are ways in which they can exert some influence on the Government in the north? War and conflict have been described as "development in reverse", which I think is accurate. If funds are to be invested in these countries with a view to growth and to debt being written off, it is important that it is done in a context that means it is likely to succeed. The current context seems to provide exactly the reverse of that.

I will not speak for much longer because I am sure that other hon. Members want to contribute. Beyond the usual representations, expressions of regret and concern, and the commitment to facilitate a comprehensive peace agreement—although those are all welcome—I would like to hear from the Minister whether we will start to use other levers more imaginatively to try to resolve some of what is happening in Sudan and South Sudan. At the moment, the situation seems to be spiralling into an ever deeper conflict, which I am afraid seems to suit the purposes of the regime in the north. That may be a very bad omen indeed for the prospects of having a free, independent and prosperous South Sudan.

10 am

Jim Shannon (Strangford) (DUP): I congratulate the hon. Member for Glasgow North East (Mr Bain) on bringing this matter to Westminster Hall for debate. The debates that we have are not always on local matters. We need to be aware of the influence that we have as a country in other parts of the world. People in our constituencies have friends and relatives in that part of the world, and therefore we have an interest in the subject.

I will make a few quick comments because it is important that we register concern about some of the issues. I am pleased to be called to speak. I am not sure whether many other hon. Members will contribute after me but, none the less, this is an important debate. I have a particular interest in Sudan because some of my constituents are missionaries in the country and I have received feedback from them on what they do out there.

When South Sudan was proclaimed and recognised as a state, it was very clear that the people who voted for it wanted that. I shall make a couple of comments in relation to South Sudan. By and large, a significant proportion of the people who live there are Christians. The country is rich in oil and its land is arable. It is productive for food production, which is good. However, China holds the oil leases and, as such, it controls what happens with the economy. All the oil in southern Sudan has to go north to get out to China, which is where two thirds of the oil goes. What discussions are the Government having with the Chinese about that? What influence can they put on them to relax the controls from north Sudan on those in the south?

It is of some concern that South Sudan is one of the least developed countries in the world. Are the Government sending people out to help train those Sudanese, so that they can do more for themselves, rather than their being dependent on grant aid from other countries?

South Sudan is a state recognised across the world, so although the following issue is perhaps not entirely relevant, it should perhaps be considered. The Olympic games are coming in 2012. Has any consideration been given to that? I know that there are issues surrounding health, food and all the important daily things that we take for granted, but have there been discussions with South Sudan about the Olympic games? Is it sending any representatives over? It is a new, virgin country. Is there any possibility that it will have representation in the London games next year? If it did have representation, that would be good. It is sometimes good for people to have some outside interest to look to and for people in Sudan to be able to say who their representative is. What is happening on that?

There are some 1 million Christians in Sudan—north and south—and I am sure that the Government are well aware that there has been persecution against some of them. Have the Government made any representations to the authorities, both north and south, on that? If they have, what feedback did they receive? Many of those 1 million Christians feel threatened by militant Muslim groups.

The hon. Member for Cheltenham (Martin Horwood), who spoke before me, mentioned human rights. I would like the Government to give me, and ultimately the people whom I represent and who have asked me to comment on the matter, some assurance that the human rights of Christians are being assured. What pressure has been put on Governments in the north and south of the country to ensure that such attacks stop? There is a bigger threat in the north than in the south.

In conclusion, I am ever mindful that China holds the oil leases and I have some concern that, whenever it comes to solving the problems, it is China that the area looks to. Is the influence of the west—the United Kingdom, Europe and the United States—being eroded by the greater elevation of China and the influence that it has in Africa? The United Kingdom and Great Britain has had traditional and historical influence in Sudan for many years and I want the Minister to assure me that that has not been eroded. I hope that he will take those matters on board.

10.5 am

Mark Lazarowicz (Edinburgh North and Leith) (Lab/Co-op): I shall make a few observations and ask a few questions, to which I hope the Minister can respond.

It is obviously important for the EU to do what it can to put pressure on the various parties involved and on the Government of Sudan in particular. It is also vital for UN initiatives to be supported and to continue—as, indeed, they are—in parts of the countries concerned. Ultimately, as I said in my intervention and as the hon. Member for Cheltenham (Martin Horwood) also mentioned, neighbouring countries and Arab and African organisations will play a crucial role in securing a long-term change in terms of stability, peace, democracy and human rights.

Will the Minister say what steps are being taken to encourage the type of action, from the Arab League and our Arab neighbours, that the hon. Gentleman outlined? Also, what is the Minister's perspective on the role that the African Union can play in not only the short term, but the long term?

Ultimately, the solutions to these problems will require not only peacekeeping—perhaps military intervention—but development co-operation among African countries themselves. That is the crucial way in which such conflicts can be resolved on a long-term basis. I would be interested in hearing what the Minister considers the role of the British Government can be in encouraging initiatives and co-operation at an African level to bring about the type of pressure and support that the situation in these countries so desperately requires.

10.7 am

Mr John Spellar (Warley) (Lab): I congratulate my hon. Friend the Member for Glasgow North East (Mr Bain)—he has been congratulated before during the debate—on introducing this immensely important subject. As has been rightly said, the debate is very timely given the flashpoints of conflict, some of which are internal and some of which are external. Indeed, as I shall refer to later, there are also great concerns about the interruption of oil flow, which has an enormous effect on the economies, the budgetary position and, indeed, the solvency of both countries.

It is also important—this has come out substantially during the debate—to recognise that we must not simply focus on what these events mean for the countries concerned, for the ruling groups in those countries and, indeed, for those who are the participants in armed conflict. We need to highlight—I will refer to this later, but it has been mentioned several times during the debate—the impact that all this has had on the living standards and the opportunities for life of many of the people, particularly in South Sudan but, wider than that, in parts of Sudan itself.

During the conflict, which has rightly been referred to as one of the longest running conflicts, huge loss of life and devastation has been suffered by communities. It is absolutely right that tribute should be paid to a number of non-governmental organisations, several of which have been mentioned today—some are Church-based, but some are more secular, such as Saferworld. They have monitored the situation and ensured that the often unreported agony and misery of the people of South Sudan—not the sort of issue normally likely to

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be carried by television cameras, or where CNN is always likely to turn up—has been kept on the world agenda and has been the focus of international attention. That is important. The amount of oil is not hugely significant in terms of world oil supplies, and South Sudan is not an intrinsically strategic area, but it has some importance. It is not irrelevant because, as in so many areas of the world, there is a capacity for instability to spill across borders. We have already seen that to an extent in both this region and in the great lakes region. Conflicts continue in the border areas between Sudan and South Sudan.

According to reports, South Sudan is also witnessing the unwelcome attentions of the Lord's Resistance Army. The LRA and other organisations have an impact on the Democratic Republic of the Congo and the wider region. In those areas, the outside world, including China, has significant mineral interests. China is involved in Sudan, quite properly, to obtain access to oil. We have to ensure that there is an equal bargain for the people of South Sudan and Sudan. We need to ensure that, given the huge importance of oil revenues to the budgets of both countries, there is an equitable distribution—I realise that that is not easy to calculate—to ensure a win-win situation. That will involve responsible behaviour by production and transportation companies, and by the final client.

It is undoubtedly true, however, that in spite of those revenues, the impact on society has been minimal. Hon. Members have mentioned the appalling figures on maternal mortality and infant mortality per capita income. Approximately 45% of people in Khartoum have access to water. In South Sudan, very few people have access to anything like clean water. We know the impact that that has on health, let alone on the ability to run any sort of modern society. My hon. Friend highlighted the huge impact of AIDS, which is not just confined to South Sudan, but to much of that area of central Africa. Efforts have been made, but it is an ongoing problem. Any breakdown in the provision of support and aid—indeed, any breakdown of society—can only hasten the spread of that disease and prevent the necessary relief, alleviation and medication.

We need to move on from the problems, which have been outlined in debates over a number of years, to the solutions. That requires us to look beyond the simple differences between Sudan and South Sudan. Not only is external reconciliation required between the two states—there is a number of issues still running between them—but some internal reconciliation. One problem is that for years Sudan fostered tribal divisions in the border areas and in South Sudan to undermine the independence movement in South Sudan. That is not unprecedented. British Governments often operated a policy of divide and rule, as did many other countries. However, its legacy might roll on for many years. We ought to be particularly concerned if division is ongoing, if various tribes are being armed and if ordinary criminal issues, such as cattle rustling, escalate into tribal inter-ethnic warfare. The whole cycle of violence and disruption could continue and ultimately affect the oil fields, which will be the basis of the two countries' income.

Where is the light in all of this? My hon. Friend the Member for Edinburgh North and Leith (Mark Lazarowicz) highlighted the positive role being played by the African Union in hosting talks. In Somalia, the African Union is playing a more proactive role than it has in the past. It recognises that such instability can very easily spill over into other countries. In Somalia, problems have not been contained within its borders. We are only too well aware, for example, of the problems of piracy affecting international trade. Indeed, there was an announcement from the Under-Secretary of State for Transport, the hon. Member for Hemel Hempstead (Mike Penning), only this week regarding the UK response. The Kenyan Government are having to take action because of the disruption and enormous impact that banditry and piracy are having on the Kenyan economy. Many of its resorts are close to Somalia and the cruise-liner business uses the port of Mombasa. In the first half of 2010, approximately 60 cruise liners stopped at Mombasa; this year only one. That has a substantial impact on the local economy.

The idea, therefore, that such problems can just be contained in one area, and are only a problem for the unfortunate residents of that area, is no longer sustainable. The encouraging thing is that that is recognised as being no longer sustainable. That is why we see a more proactive position from the African Union. The Arab League was also mentioned. It has looked at countries in its region and the difficulties that can flow on. It has not taken the position that it should stand away from such difficulties and that such problems are problems only for the countries concerned. That is encouraging, and I hope there will be some interaction between the African Union and the Arab League. I hope that the Minister will comment on that.

The hon. Member for Strangford (Jim Shannon) mentioned the religious differences between South Sudan and Sudan. We know about the involvement of al-Qaeda in Sudan and how it was offered safe haven for a considerable period of time. Religious extremism is an additional concern to the mixture of various tribal and ethnic differences.

I have mentioned oil a number of times, because it is so significant: approximately 98% of the revenue of South Sudan. Arguably, oil was the driver for conflict in the past, with the desire of Sudan to keep control of South Sudan and the oil fields, the desire of the South Sudanese to have a greater share, and the vexed question of the transport of oil. It still has potential of course, with arguments about the price at which Sudan should be getting oil from South Sudan or the price of transiting oil through the pipeline, with Sudan wanting to charge what is estimated to be 15 or 20 times as much as transport on other pipelines in Africa, for example.

Ian Paisley (North Antrim) (DUP): Does the right hon. Gentleman agree that one of the greatest investments that the western nations could make in new South Sudan would be in helping it to have a pipeline of its own, so that it could determine its own prices, rather than having to rely on Sudan, or to help it go through Kenya and find a way out in that direction?

Mr Spellar: As I used to say in ministerial times, I require notice of that question. However, if one already has a facility, which is a sunk cost, the most desirable outcome is to have a properly negotiated agreement to

use that facility. One has to look at the distances, at which areas a pipeline would be running through and their safety and at the time scale involved, because constructing a new pipeline would be taken as an unfriendly act by Sudan. That might exacerbate tensions and could lead, for example, to cutting off the existing pipeline and therefore to no revenue at all—a potentially catastrophic situation for South Sudan. It is always worth examining alternatives—they might be viable—but they are not a real alternative to ensuring through whatever mechanisms, whether the UN, the African Union or the Arab League, that a modus vivendi is obtained between Sudan and South Sudan to ensure that oil, rather than a cause of contention, is a shared benefit.

Martin Horwood: Is the right hon. Gentleman concerned by the emergence of the so-called South Sudan Liberation Army in the relatively oil-rich states of Warrap and Unity, which the rebels are aiming to liberate—as they describe it—from the Government in Juba? They are advising civilians to evacuate towns and move to villages. Does that look like a deliberate campaign of destabilisation aimed at the oil revenues of the south?

Mr Spellar: I do not know what assessment has been made of the origins of that movement or who may or may not be supporting it, but it is absolutely clear that a continuation of the instability and fighting in those areas will not only disrupt the oilfields and revenue but, as we have seen so dramatically in South Sudan, southern Sudan and Darfur, completely disrupt all normal life, including agriculture, because of displaced populations. All that makes the area unviable and brings huge misery to the populations who, essentially, have to live in refugee camps, dependent on aid, and that is not a sustainable future.

A viable agreement between Sudan and South Sudan is therefore crucial. Sudan has a sizeable external debt—let us not argue about how it was acquired—which it has to service and South Sudan is totally dependent on oil for revenue, so both countries, for the viability of their Governments and their states, require a share of the oil revenue and a regular flow. It is argued that the interruptions to oil production have already led to sizeable reductions, with estimates of about a quarter, but I am not sure of the exact figure. Unless agreement is reached, those ongoing problems will continue; it is in both their interest to undertake an agreement. I referred to external and internal reconciliation, and no conflict between the two states is not alone in being hugely important. We have had worrying reports of attacks, although there are arguments that some are in response to guerrilla movements and attacks, but the facts need to be ascertained, and considerable international and regional pressure on the participants to lower the tension is needed.

One problem in so many areas of conflict once a peace agreement is signed, however, is the large number of people whose whole life had been bound up with military operations. I am pleased to see several colleagues from Northern Ireland in the Chamber, and a key factor is to create conditions of normalisation, in which arguments are settled in a normal fashion and become the norm or established practice. Year on year, people then gradually move away from their old way of life. Simply preventing people from shooting each other becomes important in establishing the norms of society; otherwise, the trouble could continue—a lot of it based on tribal differences running from generation to generation. However, tribal differences previously settled with traditional weapons are now settled with AK47s, causing huge devastation and the mass migration of populations, which become dependent populations. That is why it is so important for a real effort, using the experience from work in other areas of conflict, gradually to reintegrate groups who have been involved in guerrilla movements or in over-extended armies back into the population and for them to assume civilian roles. Again, that is why the reconstruction of agriculture, which my hon. Friend the Member for Glasgow North East mentioned, is so important, to provide alternative occupations and a security environment.

One of the difficulties on which I hope the Minister can comment is to do with those who did not participate in the violence or become involved in the various guerrilla movements and armed gangs if they are seeing all the benefits go to the people who were involved. That is not an unfamiliar story in many parts of the world. Getting the balance right is enormously difficult, but also enormously important and significant. So any programme must be community-based, as well as involving the participants, important though they are.

Another feature of the development of agriculture is, as has been mentioned, the appalling transport infrastructure. In many parts of the developing world, one of the key constraints on developing agriculture is access to market—the ability, when the harvest comes in, to get large quantities of produce to market and not to have it rot in the fields or during transport to market. We are all very much aware of the state of the infrastructure in South Sudan, and a significant priority in improving living standards and creating opportunities for people is the development of transport.

What is key and what I hope the Minister will report on in his contribution is that the effort has to be sustained. If the area descends once again into feuding civil war, I recognise the danger that the interest and, indeed, patience of the public in the wider world will start to run out. That is a key message that the Foreign Office must convey to the countries in the region in the best possible way—not threateningly, but in a matter-of-fact way—so that the people of South Sudan who have suffered so much for so long have some decent opportunities not only for themselves but for their children.

10.30 am

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Mr Henry Bellingham): This has been a fascinating and well informed debate, and I congratulate the hon. Member for Glasgow North East (Mr Bain) on securing it. I praise him for his well informed and compelling speech, and pay tribute to him for his work. I also congratulate him on his election to the chair of the all-party group on Sudan and South Sudan, and I look forward to working with him in that capacity.

The House will know that I follow the situation in Sudan and South Sudan very closely. I was fortunate to visit Sudan in July, and was the first UK Minister to do so after secession of South Sudan. While I was there, I met a number of Cabinet Ministers, and impressed on them the UK's continued commitment to Sudan. I

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made clear our hopes that they could work with their southern neighbours and international partners for a peaceful and prosperous future. Similarly, my right hon. Friend the Foreign Secretary was in Juba for its day of independence on 9 July. When addressing the people of the newest country in the world, he was sincere when he stated that the UK would stand by the people of South Sudan as they sought a future of stability, prosperity and lasting peace, particularly peace with its most immediate neighbours.

We should not downplay—the hon. Member for Glasgow North East made this point—the achievement of South Sudan's peaceful secession on 9 July, which was the result of leadership in both countries, or the important role of the international community. Since then, we have seen positive developments in some areas of both countries. South Sudan has taken its place on the international stage, and has joined major international organisations such as the UN, the African Union and UNESCO. The signing ceremony of its accession to UNESCO was held recently at the Foreign Office. South Sudan has also applied to join the Commonwealth, a move which the Government strongly support. The application process will be an important means of ensuring that South Sudan entrenches our shared values of democracy and human rights. Commonwealth countries, including several of South Sudan's neighbours, can provide important assistance in those areas.

Sudan has also shown some welcome signs of becoming a more constructive voice in regional issues—for example, in its support of the new Government in Libya, and the leading role it has played in the Arab League's recent action against the Syrian regime. I will come to the Arab League in a moment. However, it is extremely unfortunate that there have been some worrying developments that lead us to believe the elusive goal of peace is still far from the reach of the Sudanese people.

The hon. Member for Glasgow North East and other hon. Members mentioned the states of South Kordofan and Blue Nile. Conflict continues in those states in Sudan, causing a humanitarian emergency. Neither national nor international organisations are being granted access to provide support to civilians affected by the conflict. We are supporting the efforts of the UN to negotiate access, and I hope that the visit of my noble Friend, Baroness Amos, UN Under-Secretary General for Humanitarian Affairs, later this month will lead to some progress.

We are very worried about reports of new offensives in the past few days around Jau and Talodi in South Kordofan. That escalation and spread of the conflict are putting civilians—those who remain in South Kordofan and the estimated 16,000 who have been displaced to Yida in Unity state—in even greater danger. We continue to make it clear to the Government of Sudan, the Sudan People's Liberation Movement North, and the Government of South Sudan that there cannot be a military solution to the conflict in South Kordofan and Blue Nile. We condemn indiscriminate aerial bombardment by the Sudanese armed forces, and we are calling on those who are fighting to cease hostilities immediately, to allow unfettered humanitarian access to all populations, and to engage in inclusive political dialogue that addresses the root causes of conflict. We urge the Governments in Khartoum and Juba to respect each other's problems, and to refrain from unilateral action and inflammatory statements.

Some hon. Members referred to nationality and southerners in the north. We are worried about the lack of progress in resolving nationality issues, which threatens to leave stateless thousands of southerners who have been resident in the north for many years. We are urging both Governments to extend the deadline, and to put in place administrative arrangements to address the problem.

There is a significant humanitarian issue for returnees to the south who are awaiting transport, and my hon. Friend the Under-Secretary of State for International Development recently visited the way station at Kosti to draw attention to the plight of thousands of returnees who have been waiting months to take barges south. We are working with the UN to ensure that their needs are addressed, and we are urging both Governments to assume responsibility for the returnees.

It is also worrying that there has been conflict across the international boundary between the two states, and the recent cross-border bombings by the Sudanese air force at Yida and Quffa are particularly worrying. I issued a statement at the time—on 10 November—condemning any action that puts civilian lives at risk. We are calling on all parties to exercise restraint, and to cease actions that provoke conflict within each other's territory. It is totally unacceptable for either Government to provide support to proxy armed groups that contribute to conflict in their neighbour's territory. There are worrying signs that both sides are doing just that.

I stressed the importance of non-interference to South Sudan's Foreign Minister, Nhial Deng Nhial, when I met him on 24 September, and I repeated that message last week to a special envoy who had been sent to the UK by President Salva Kiir. I will make exactly the same point next week to the Sudanese presidential adviser, Dr Ghazi Salaheldin, when he visits London, and I will emphasise the critical necessity of allowing humanitarian needs to be addressed urgently.

As the hon. Member for Glasgow North East made clear, those latest events make it all the more important that both sides allow a border monitoring mission to deploy quickly. We will pursue a resolution at the UN Security Council in the next few weeks to ensure that UN peacekeepers can take on that important task in support of the two Governments. Some hon. Members, including the hon. Member for Cheltenham (Martin Horwood) and, in an intervention, the hon. Member for Strangford (Jim Shannon), as well as the hon. Member for Edinburgh North and Leith (Mark Lazarowicz), asked about how to engage the Arab League and the African Union. I agree that it is important to engage as many important regional organisations as possible. The region is engaged. Ethiopia supplied troops to go to Abyei. There will be an AU summit in January, and I hope that Sudan will be a key issue on its agenda. As the hon. Member for Glasgow North East said, and as the right hon. Member for Warley (Mr Spellar) emphasised, the regionalisation of the conflict could be very damaging to the entire area.

I want to speak about the unimplemented areas of the comprehensive peace agreement. It is incredibly important that decisions on oil, citizenship, border demarcation and Abyei are given urgent attention. We

have been particularly concerned about the failure to reach agreement on an equitable sharing of oil revenue, and I am worried that the Sudan Government have recently raised the temperature by threatening to halt the trans-shipment of oil from South Sudan, as well as by making an unrealistic royalty demand for $32 a barrel, which is way over the going rate.

We welcome the constructive role being played by the AU's high level implementation panel, which is mediating between the parties on these issues. Talks that it facilitated in Addis Ababa on 25 to 30 November reached no agreement, but some constructive proposals were placed on the table, including on the level at which compensation should be paid to Sudan for the loss of oil revenue. As the Foreign Secretary said yesterday in a joint statement with his Norwegian and US colleagues, it is vital that the two parties return to the table as soon as possible to find equitable solutions. Sorting out oil revenue is crucial to both countries' economies and to both currencies.

A number of colleagues, including the hon. Member for North Antrim (Ian Paisley), referred to whether there could be a pipeline to South Sudan, which is a fair point. The proposal has been reported in the media on a number of occasions. Indeed, it has been suggested that a Japanese company could be contracted to build a pipeline to Kenya. We take the view that it does not make a huge amount of commercial sense, because peak production has already been reached and it would take a long time to build. The only sensible short-term way forward is to ensure that there is agreement between the two countries on this important issue. As I said, it is absolutely vital for both their economies.

I mentioned the importance of Abyei as one of the outstanding CPA issues. Obviously, we are concerned that neither the Sudanese armed forces nor the Sudan People's Liberation Army has withdrawn fully from the Abyei area, despite the presence of the United Nations interim security force. We fully support UNISFA in its efforts to secure the Abyei area and to monitor the withdrawal of both parties' troops. We are calling on the Governments of Sudan and South Sudan to co-operate fully with the mission so that it can deliver on its mandate.

Several hon. Members mentioned Darfur. There has been significant progress there, and I am pleased that the UK's Special Representative for Sudan participated in a conference in Washington earlier this month, which saw discussions between the Liberation and Justice Movement, which has signed the agreement, and other groups that currently remain outside the peace process, about how they might be brought in.

The right hon. Member for Warley mentioned the LRA. I agree that one of the concerning developments recently has been the statement by a number of armed groups that they want to come together in a new umbrella organisation to work to overthrow the Government of Sudan. We want to see peaceful political change in Sudan. We are therefore greatly concerned about any talk of further incitement and use of violence.

Development assistance has been mentioned by several hon. Members. Despite the ongoing conflicts and the political difficulties that face both countries, it remains a priority for the UK to support the peoples of the two Sudans in building a more prosperous future. Our development programmes are based on the provision of substantial assistance to both countries. As well as humanitarian assistance, DFID's support is focused on delivering basic services to those who need them most, and to building accountability of the Governments on both sides of the border.

As the hon. Member for Glasgow North East reminded us, we are providing £50 million a year to Sudan over the next four years. Alongside many other donors, we are contributing to its humanitarian needs. Indeed, the Under-Secretary of State for International Development recently announced additional support for the World Food Programme that will enable it to meet the humanitarian food needs of approximately 315,000 people who have been particularly affected by conflict in South Kordofan, Blue Nile and Abyei. DFID is also seeking to address longer-term development needs. Its programmes will improve education, ensure provision of clean water and sanitation, encourage better access to justice and support the demand for improved governance in Sudan.

We all know that the needs faced by South Sudan are absolutely huge. We are talking not about reconstruction, but the construction of a new country. There is virtually no infrastructure. I believe there are only 25 kilometres of tarmacked road, so the needs are huge. We will be providing £90 million a year for the next four years to help the people of South Sudan. We will be working closely with others, including the US, UN and EU, and our programmes will support accountable, inclusive and transparent government, economic growth and improved security and access to justice. In particular, the UK through DFID aims to help 240,000 children to get through primary school; enable 4 million people to receive life-saving health care and nutrition; help 1 million people get enough food to eat; provide more than 750,000 people with malaria prevention and treatment; and give more than 500,000 people access to clean water and sanitation.

The hon. Member for Glasgow North East mentioned the global fund, AIDS and the lack of support from other countries. I can assure him that, as far as the UK is concerned, we will be doing all we can to keep up the pressure on other donor countries. We have influence within the global fund, and I can assure him that we will be delivering on our commitment and working with other countries to ensure that they also deliver. I will certainly raise the specific ideas that he mentioned with the DFID Minister. We need to work in many other areas as well.

As the right hon. Member for Warley said, we must not forget about the silent majority of people who stayed outside the different militia and guerrilla forces. I agree entirely with what he said about agriculture. South Sudan has the most phenomenal potential to build its agricultural sector and put in place total food security. I was in South Sudan a year ago, and as I flew into Juba, I was struck by the incredibly verdant countryside on either side of the Nile, yet, after a mile or so, the ground became arid and rugged. Obviously, irrigation, modern farming techniques and irrigation are needed. Of course, there was irrigation in the past, before the conflict. The country was able to provide food for most of its people before the war started all those years ago. Food security is incredibly important, but we cannot have food security without infrastructure.

The hon. Member for Strangford mentioned the Olympics. We are in discussions with the Government of South Sudan to see how we can support their wish to

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participate in 2012. They have to join international sports federations and we are offering any help that we can. That matter has certainly been taken on board.

Several hon. Members raised the issue of debt. They will know that Sudan assumed responsibility for the entire £38 billion of international debt outstanding at the time of independence. Agreement was reached and based on an assumption that Sudan would be granted debt relief by the international community within two years of secession, failing which the two parties would have to renegotiate.

We have taken a leading role on the issue of debt relief for Sudan, including though the establishment of an international technical working group, to address the progress that will be required. I have raised debt relief with a number of key partners, including China. I can tell the hon. Member for Strangford that China is a key player, because it holds a great deal of that debt. We are committed to supporting Sudan in making progress towards debt relief. However, I agree with the hon. Member for Cheltenham. Sudan needs to understand the importance to its creditors of real and continued progress in resolving outstanding CPA issues and in ending the ongoing conflicts. He asked whether there is any other leverage that we can bring to bear. We do not have any arguments or disputes with the Sudanese people in the north. In our view, trade will create wealth and bring prosperity. We want to see the creation of jobs and cross-border trade between the two countries. Cross-border trade is one way to create wealth, but we will not see such trade if a war is going on.

I can tell the hon. Gentleman that there is leverage here. We are not going to advance trade at the expense of human rights; we have made that very clear. When I was in Sudan earlier this year, I went to Port Sudan in the east, where there has been a successful peace process. We made it clear that, where there has been a successful peace process, we will reinforce that with trade. Indeed, that is why we were pleased to see the Kuwait investment conference for eastern Sudan held last year. Where there is a successful peace process taking place in north Sudan, we will certainly do what we can to encourage UK companies to go there and invest. Obviously, there are obstacles as things stand at the moment with the different conflicts going on.

It has been an interesting and full debate with a huge amount of cross-party agreement. It has now been five months since the successful birth of South Sudan. As these new countries adjust to life as neighbours, we too have to adjust to dealing with two sovereign states. The CPA foresaw the possibility of two states co-existing peacefully and prosperously, maintaining the strong economic and personal ties that continue to bind people across the international boundary. For that to succeed, both countries must draw back from interfering in each other's affairs, address the issues left unfinished from the CPA, and focus on resolving the conflicts within their own borders through inclusive governance and promoting economic and social development.

Our Government will continue to deliver, both in public and in private, tough messages about the work that both sides need to do. The urgency of such messages should be apparent at the heart of a region where the winds of the Arab spring are blowing, and it is vital that the international community, through the UN and regional organisations such as the African Union and the Arab League, does not reduce its efforts to resolve the outstanding problems of Sudan and South Sudan. We should also acknowledge the enormously positive work that is being done by many non-governmental organisations and civil society groups in addressing the needs of the Sudanese people—I highlight in particular the work of the Churches in Sudan and South Sudan and their humanitarian support and work for community reconciliation.

I thank the hon. Member for Glasgow North East for raising this issue and for giving me the chance to explain the Government's position, and it is heartening that so many constructive, positive and imaginative suggestions have been made this morning. It is a crucial moment for Sudan and South Sudan; there is a lot to gain but, as the right hon. Member for Warley pointed out, a huge amount to lose. I hope that, with the focused attention of the international community, we can steer the path of those countries towards peace and prosperity for all their peoples. After decades of conflict and appalling, dreadful suffering, they deserve nothing less.

10.51 am

Sitting suspended.

Centenaries (UK and Ireland)

11 am

Naomi Long (Belfast East) (Alliance): The timing of this debate is in many ways very appropriate. Yesterday, 6 December, marked the 90th anniversary of the signing of the Anglo-Irish treaty, which led to the formation of the Irish Free State, as was, and ultimately to the partition of Ireland and the creation of Northern Ireland. It also led to the Irish civil war, which some sources believe may have claimed more lives than the original war of independence against Britain that preceded it.

In the context of this debate, it is worth noting that not only did the civil war leave Irish society divided and embittered in its immediate aftermath, but that the political divisions of that era remained the dominant cleavage in Irish politics for almost a century, reflected by the two main political parties, Fianna Fáil and Fine Gael—the direct descendants of the opposing sides in that war.

Arguably, the 2011 Irish general election, which took place against the backdrop of the serious financial and economic crisis, is the first in Ireland's history that has departed significantly from civil war politics. That is evidenced by the clear switching of voters between those parties. We can therefore be in no doubt that history casts a long shadow forward. The events of the past shape us—shape our identity, shape our present and also shape our future, to the good or otherwise, and never more so than when those events are contentious.

We are rapidly approaching the start of a decade of centenaries of seminal events and significant milestones in the shared history of the UK and Ireland. The period in question commences with the signing of the Ulster covenant in 1912 and the Home Rule crisis; covers the period of the first world war, from 1914 to 1918, including the battle of the Somme in 1916 and the Easter rising in the same year; and culminates in the events to which I have referred regarding the partition of Ireland.

During the period of history that I am describing, in 1912, the Titanic was launched and, tragically, sank—an issue of huge importance to my constituency, in which she was built. The period also stood witness to the emergence of the Gaelic revival movement and to the rise of both the women's suffrage movement and the labour movement, from which flowed universal male and limited women's suffrage in 1918. The Dublin lockout, which lasted from August 1913 to January 1914, was probably the most serious industrial dispute in Irish history, reshaping entirely the relationship between worker and employer. Also during that era the Irish Citizen Army, the Ulster Volunteer Force and the Irish Volunteer Force were formed, the latter two being actively engaged in gunrunning activity.

I concede that the list that I have given is very long, but it is by no means exhaustive. I have focused entirely on centenaries, without reference to the fact that, in the same period, we will mark other significant anniversaries, including the 400th anniversary of the plantation of Ireland.

The period between 1912 and 1922 was one of considerable change and turmoil, which shaped not only Northern Ireland, but the relationships within and between these islands. Sadly, in much the same way as post-partition politics in the Republic has been defined by the civil war, the divisions evident during that period remain to a large extent the basis of divisions in modern Northern Irish society. Therefore the manner in which we publicly mark those historic events, which remain both sensitive and emotive, is hugely important to preserving the current stability and, more importantly, to the building of a peaceful, stable and shared future.

Mr Gregory Campbell (East Londonderry) (DUP): I congratulate the hon. Lady on securing the debate. She is referring to the manner in which and the sensitivity with which commemorations are held. Obviously, the timing of the centenaries of each of the events that she has outlined is fixed, but does she agree that in the divided society that we have in Northern Ireland, how and where those events are commemorated is very important—so that they can be celebrated, rather than causing divisions like those that occurred in the past?

Naomi Long: I agree entirely. Celebrating may not always be appropriate. It may be a case of marking or commemorating some of the events, which are still very emotive. That is an important point.

Handled well, the coming decade has the potential to allow us to explore our past together, aiding understanding through education and discussion, and helping us to learn from our past and to consider how we can create and shape stronger and better relationships and enhance community relations. By contrast, if handled poorly, it has the potential to be a highly charged and fractious period, marked by deepening antagonism and division in society, and playing to and reinforcing centuries-old divisions rather than focusing on future progress.

Mark Durkan (Foyle) (SDLP): I congratulate the hon. Lady on securing this important debate. Although it will be impossible to achieve or express a received version of our history in relation to all these events, it is of course right that we should be responsible in dealing with the centenaries. However, particularly as the decade progresses, we will also be hitting significant 50th anniversaries, which might be much more contentious in the north. Surely that adds to the point about getting the treatment of the centenaries right, in a measured and responsible way.

Naomi Long: I agree entirely. The degree of maturity displayed over the coming 10 years will set the tone for the handling of events that are lived history for many of us who grew up in Northern Ireland during the troubles. That is an important point. People will of course have their own perspectives on the past and, indeed, differing aspirations for the future, and the free expression of that cultural diversity is a cornerstone of any normal liberal democracy. Different parts of the community will inevitably wish to place differing emphasis on selected events, and the right to do so should be respected.

Ms Margaret Ritchie (South Down) (SDLP): I congratulate the hon. Lady on securing the debate. Does she agree that in relation to these largely, shall we say, contentious issues, there must not only be very good management? We must all seek to build consensus and to develop understanding so that we can celebrate our shared identity. We must build, in many ways, an active process of reconciliation.

Naomi Long: I agree. What the hon. Lady refers to is hugely important. I am about to come on to how we can go about doing that.

The desire to place context around the public marking of the centenaries is not about curtailing people's expression of their perspectives and aspirations, which may differ. It is about ensuring that space and opportunity are created for discourse, interaction and debate in order that people have the opportunity to engage with aspects of our history with which they would not traditionally associate and to consider alternative perspectives on those events with which they most closely identify, so that no single narrative crowds out all other opinion.

It is therefore important that both Governments are involved in marking events throughout the period and not just those aspects of most relevance to their own jurisdiction. I hope that that approach will be reflected in the Minister's response to the debate. I shall give just one example. During a recent visit to Belfast city hall, the Taoiseach specifically asked to see the original covenant table, which sits in the council chamber; and, in recognition that there is interest among people in the Republic of Ireland in marking the signing of the Ulster covenant, the Irish Government are supporting work by the Orange Order in the south to mark that event and to collate the history of those communities.

David Simpson (Upper Bann) (DUP): Does the hon. Lady agree that although the anniversaries or centenaries in Northern Ireland—and, of course, the Republic of Ireland—are important to both sections of the community, it is important that this matter is not left to the devolved Administration and that our national Parliament should also get involved?

Naomi Long: I agree entirely. One reason why I sought this debate is my belief that both Governments need to be involved in structuring the commemorations, as both Governments were heavily involved in the original events.

The transformative power of respectful commemoration based on inclusion and cultural diversity is also reflected in the preparatory work by the Northern Ireland Community Relations Council and the Heritage Lottery Fund. In developing their guidance notes for funding bodies, called "Remembering The Future", they have stated in relation to the forthcoming centenaries:

> "How these and others are marked in public as opposed to private space will chart the progress this society is making on its journey out of conflict. These anniversaries need not be mutually exclusive; indeed, if the commemorations are handled sensitively, they will provide an opportunity to underline how much of our history is shared."

It is that potential that I want to explore in the remainder of the time available to me.

Given the huge improvements in east-west relations during my lifetime—marked most notably by Her Majesty the Queen's recent state visit to Ireland, hosted by former President Mary McAleese—the decade ahead is an important opportunity to build on that established good will and progress and to enhance further the relations between the UK and Ireland. In doing so, it can make a tangible contribution to cohesion, sharing and integration in Northern Ireland. The success of that historic royal visit also teaches us important lessons about how to maximise the benefit of these unique opportunities when they present themselves. Such events are not spontaneous, but require a mix of detailed planning, careful management, sensitive choreography and strong political leadership.

The same is true of the upcoming commemorations, so I am pleased that the Taoiseach, despite all the other challenges facing Ireland, is establishing a commemorations committee to oversee his Department's work, and that an all-party Oireachtas consultation group on commemoration has been established, which is being chaired by Jimmy Deenihan TD, who is Minister for Arts, Heritage and the Gaeltacht. I trust that that will provide a good basis for close east-west and north-south engagement. Today gives us an opportunity to probe the preparations being made by the UK Government ahead of the commencement of the upcoming decade next year.

Dr William McCrea (South Antrim) (DUP): Does the hon. Lady agree that with everyone participating in the preparations for these centenaries, it is vital that no one tries to rewrite the history of the United Kingdom or Ireland?

Naomi Long: I agree. I assume that the hon. Gentleman has sneaked a little peek at my speech, because I am about to move on to historical rigour.

Working together, the British and Irish Governments, along with the Northern Ireland Assembly, local councils and other interested groups, all of which are planning for the upcoming period to varying degrees, can set the tone for how events are marked and ensure that certain principles apply. Those principles include placing events in an inclusive and shared framework and looking to the wider history and context of the time in these islands and across Europe, rather than allowing celebrations to fragment into a series of, at best, exclusive and, at worst, divisive, events marking each centenary.

That spirit of inclusion must be matched with historical rigour. While there is still no shared or agreed narrative about many of the events, and while many myths continue to endure, there is a set of agreed historical facts, which should be the starting point for exploring different perceptions and interpretations of history. It is also crucial that we consider not just individual events in isolation, but their consequences, if we are to develop a deeper understanding of the period and our interrelated history. Much good work has been done already, and the Minister will be able to set out in his response the work that the UK Government have done in preparation for the coming period.

Time does not permit me to reference all the ongoing work, but I want to flag up Belfast city council's commemorations working group. This cross-party group has developed a plan that, rather than focusing on individual events, has framed a programme divided into three chronological periods. The first, entitled "Shared History, Differing Allegiances", covers 1912 to 1914. The second, which covers 1914 to 1918, includes world war one, the Somme and the Easter rising. The third will cover the events surrounding the partition of Ireland. That thoughtful approach to the civic commemoration of those events is a good example of cross-party working, and other work can be based on it.

Clearly, many of these events are significant beyond Northern Ireland, having both a national and international context. They will therefore be marked not only in Northern Ireland, but throughout these islands. The co-ordination of approaches will therefore be crucial if we are to maximise the opportunity not only to build good relations, but to capitalise on the upcoming period's heritage and cultural tourism potential.

Northern Ireland has a competitive advantage because of the international interest in Ireland and the UK generally, including in its varied culture and history. It also has a strong creative industries and arts sector, and that shared asset is well placed to develop inclusive, high-quality cultural engagement and products around these historic events.

More broadly, Northern Ireland's attractiveness as a general tourism destination has been boosted significantly by the positive publicity generated by a number of international events—including, most recently, the MTV awards in Belfast. *National Geographic Traveller* has listed the city as one of the top places to visit in 2012. That accolade comes on the back of TripAdvisor listing Belfast as the best-value UK city break, Lonely Planet encouraging people to visit the city before the rest of the world does and the *Financial Times* listing it as one of the top 10 places in the world to hold a conference or major event.

The recommendation by *National Geographic Traveller* reflects the 2012 Titanic centenary. The story of the Titanic creates an almost unrivalled international draw for Belfast, and particularly for my constituency, where so much of the authentic physical heritage linked to the construction of the Titanic is located, and where the construction of the Titanic Signature project is also making rapid progress. The year 2013 will see Derry/Londonderry assume the mantle of UK city of culture, and Northern Ireland will host the World Police and Fire games, which will, again, add to the tourism opportunities for Northern Ireland.

Co-ordination of the commemoration activity throughout these islands, and close collaboration between tourist boards, the arts sector, business and civil society will be necessary to ensure that the cultural, heritage, tourism and related economic benefits of the coming period are maximised and that the tourism legacy created continues to contribute to economic growth beyond the immediate decade.

The coming decade therefore presents us with both a challenge and an opportunity. It will not be easy, and the issues that are raised cut to the core of current divisions, but it would send a very positive message and mark real political progress if a mature, agreed way forward on sensitive issues could be found in Northern Ireland and between the UK and Ireland.

These events present us with an opportunity to move beyond the divisive historical legacy of the period marked by these centenaries and to deliver a watershed transition to a new era of shared history, where the focus shifts increasingly towards healing divisions, building cohesion and addressing our joint economic challenges.

We can respectfully and sensitively mark our shared history but refuse to be held captive by it. That aspiration can be advanced. The UK and Irish Governments have a role to play in that process. The east-west dimension was crucial to the history of the period we are talking about, and it remains important to exploring and commemorating it successfully in the years ahead.

I am grateful to have had an opportunity to raise this matter in Westminster and for the participation of other Northern Ireland MPs in the debate. I look forward to the Minister of State's response, as I know from my discussions with him and the Secretary of State that the Northern Ireland Office is keen to make progress with others on this decade of positive change.

11.15 am

The Minister of State, Northern Ireland Office (Mr Hugo Swire): I thank the hon. Member for Belfast East (Naomi Long) for her opening speech and congratulate her on securing a debate on this important issue. It will not come as a great surprise that I agree with much of what she said and with the responsible and interesting contributions of all other Members.

We all have different interpretations of history. Too often in Northern Ireland, the celebration of the past has been a cause of division. Respectfully, I submit a challenge to all those with any influence. The biggest challenge with these anniversaries is to recognise the past in a manner that does not cause hurt and does not offend, but that seeks, at least in some small way, to bring people together.

We approach a decade that will witness many important anniversaries, including the centenaries of the Ulster covenant, the battle of the Somme, the Easter rising and the Government of Ireland Act 1920. Each of those events will evoke different images and represent different understandings of our past; that is the reality. However, this decade also affords us an opportunity to come together in a spirit of mutual respect. That is possible; we need look no further than Her Majesty the Queen's ground-breaking visit to the Republic of Ireland in May. Many people thought that a bridge could not be built over the painful events of the past and the different interpretations of history, but they were wrong. The key is to learn from the past and, as Her Majesty put it,

"to bow to the past, but not be bound by it."

For too long, we have concentrated on our differences as we have sought to acknowledge our history. Yet, if we look at the past, we can see strong evidence of a shared history. Sir Edward Carson, the first person to sign the Ulster covenant, was born in Dublin and educated at Trinity college. James Connolly, who took such a central part in the Easter rising, was born in Edinburgh and served in the British Army for seven years. Willie Redmond, whose brother John was an Irish nationalist leader, died fighting in the first world war at Messines, in Belgium, and I visited his grave there in June. All this shared history has often been kept quiet by those who seek to emphasise differences and divisions.

For our part, the Government feel that some form of recognition is important. My hon. Friend the Member for South West Wiltshire (Dr Murrison) was recently appointed as the Prime Minister's special representative to co-ordinate events to mark the centenary of the first world war. Those events will, of course, have particular resonance in Northern Ireland and, indeed, in the Republic of Ireland, given that people from both traditions fought and died alongside one another in the face of a greater oppression.

[Mr Hugo Swire]

One hundred years ago, this Parliament witnessed important events that were to shape the lives of future generations, and we are exploring options for marking them in some small way. That is being done in consultation with the Irish Government and all interested parties. To use Her Majesty's words in Dublin, this will be done in a manner that emphasises the importance of forbearance and conciliation.

Although the UK and Irish Governments must play a significant role in ensuring that we approach this decade in a constructive and complementary manner, the greatest challenge will lie in ensuring that that approach is adopted in Northern Ireland. It is there that the Executive and the mainstream political parties must take the lead in ensuring that those who would seek to undermine the political process do not have the opportunity to do so. Those people oppose forbearance and conciliation and will try to use important anniversaries to further their own regressive agenda. They are the same people who in 2011 try to recreate the worst parts of our history. They do not want to commemorate loss and suffering; they want to create it. They do not want to recognise battles fought 100 years ago; they want to fight them all over again. Those people thrive on the suspicion and mistrust that can come from our different interpretations of history. They should not be allowed to hijack history to suit their own narrow and biased agendas.

As we approach important anniversaries, the greatest weapon we have against those people is tolerance and understanding: tolerance for different but equally valid perspectives on past events and understanding that celebration of those events may offend those with a different perspective. As I stated at the beginning of my speech, I respectfully submit that challenge to all those with influence. It needs real leadership, and we are not short of leadership and courage in Northern Ireland. We are where we are today thanks to the leadership and courage of many brave people. We cannot change history, but we can change how we deal with it and we can do all that we can to ensure that the commemoration or marking of significant events brings people closer together, rather than driving them further apart.

As we move towards a decade of anniversaries, we should think more of commemoration and less of celebration; more of recognition and less of triumphalism—

Dr McCrea: While we are in the midst of the Government's preparation for the centenaries, is it not also correct that Northern Ireland should be a vital part of next year's excellent celebrations for Her Majesty's diamond jubilee?

Mr Swire: I imagine that Her Majesty would want to visit all parts of the United Kingdom in her jubilee year and equally that all parts of the United Kingdom would want to receive Her Majesty and recognise the extraordinary work that she has done on behalf of the nation throughout her rule. The hon. Gentleman will, as a musician, know how dangerous it is to interrupt someone who is reaching his peroration, so if he will forgive me, I shall step back a bit, to try to get back in the mood that I was in before he interrupted me.

As we move towards a decade of anniversaries, we should think more of commemoration and less of celebration; more of recognition and less of triumphalism; and more of mutual understanding and less of mutual mistrust. Our language should be temperate; our ambition should be to educate; and our objective should be to bring people together.

11.23 am

Sitting suspended.

Pension Plan Charges

[MR ROGER GALE *in the Chair*]

2.30 pm

Brandon Lewis (Great Yarmouth) (Con): It is a pleasure to serve under your chairmanship this afternoon, Mr Gale. I declare an interest: I have a pension myself, and I draw Members' attention to the Register of Members' Financial Interests, as I have an interest in a company that has a pension scheme.

"Annual management charge", "reduction in yield" and references to "bid/offer spread" are just a few of the descriptions that can be attached to our pension pots. When our annual pension statement arrives, do any of us study it in great detail, or do we just glance at it before scratching our heads and filing it away?

I imagine that most consumers feel confused when they see phrases such as "annual management charge", "reduction in yield" and "bid/offer spread". A natural reaction is to assume that pension companies and fund managers understand it all and know what is best for us. Many, however, feel that the information is important, but do not understand why that is so, or what it means, particularly, for their final pension pot. That is why the pensions industry and the financial media will carefully watch our deliberations today. Perhaps the complexity of the issue means that many people are unable to understand and see the purpose of it, or why it matters so much. That may well be an indication of why Members are present today.

It is right for there to be constant demands for transparency about pension fund investments, as the hon. Member for Dagenham and Rainham (Jon Cruddas) highlighted in an Adjournment debate last year, and transparency about pension charges should be no different. It is easy for us, as politicians, to exhort that everyone should save for retirement—they are easy words. We want people to do that to be able to provide for themselves when they are older. In Government, it is easy and clear, with our experts to advise us, to see why that matters and why money put away when we are young matters more as we get older. The biggest challenge for the Government and the pensions industry is to overcome consumers' attitude towards pensions—only half of working adults between the ages of 20 and 64 are currently saving for retirement.

Although the biggest reason given by consumers for the lack of saving is their inability to afford the contributions required to build a pension pot, there are other interesting underlying problems. A quarter of respondents in a study by the National Association of Pension Funds stated that they did not trust the pensions industry. Other surveys indicate that 80% of people want greater transparency about how pensions operate and what they cost. Although research conducted by a pension provider, Aviva, suggests that only 2% of people cite charges as the single prohibitive factor preventing them from investing in a pension, the proportion rises to a worryingly staggering 20% for the under-24 age group.

Can we assume that the lack of transparency about pension charges, alongside a misunderstanding about the system of charges, is a fundamental problem holding back a wider retirement savings culture? If so, it is particularly pronounced among the lowest age groups and lowest earners. We need to target the transparency at the new generation of workers, whom we need to get saving as soon as they enter the workplace.

My position in today's debate is not to focus or comment either way on the level of charges; it is for the companies that provide pensions and advice on pensions to argue why their charges are at a particular level when the charges of others are at another. The point of today's debate is to highlight the need to be able to compare and understand charges and costs.

Mr Gregory Campbell (East Londonderry) (DUP): I congratulate the hon. Gentleman on securing the debate. Regarding the lack of transparency about charges, we sometimes see what I believe to be helpful information in the financial press. We should push companies to ensure that they provide information on the impact that those charges will have, year on year, on the final pension received by a payee.

The point that needs to be clarified is the effect that charges will have at the age a person retires—60, 65 or 68; it is not just about making sure that the charges are transparent. Surely, if the ongoing and year-on-year impact of those charges were transparent, there would be a huge impact on a person's choice of company.

Brandon Lewis: The hon. Gentleman makes a good point, and I will touch on it later. I fully agree that one of the issues that people do not understand is that a figure that seems small now can have a huge impact on how a pension pays out later on—up to 25%, as I will touch on later. The hon. Gentleman is absolutely right. That is exactly the clarity and understanding that we need.

Provident Financial's clients are low earners, who often borrow just £100 or less to get through to the end of the month. The company told me recently that the issue for many of them is not so much about whether they can save. They may be able to save only a small amount; I know that the Minister appreciates that, because we have had a conversation about it. In some cases, it could even be just a few pounds a week or month. However, all that money can add up to mean something later.

The hurdle that those customers find is psychological. The company said to me that people who are on the lowest incomes understand and learn how to manage their money and how to get their family through a week or a month. Within that, they will still do certain things—£1 or £2 a week on sweets for the children, or something like that. What they do not do is trust an unnamed and unknown big organisation with some of their money, because it is complicated and there is no face to it. That is why they use organisations such as Provident Financial rather than high street banks.

By dealing with the issue of transparency, we may well be able to break through that psychological barrier and get more people saving. If the industry is clearer and puts things across more simply, it will instil more confidence in the customers that it is looking to pick up. I will return to that with a clear example in a moment.

The system is complex. People's underlying attitude is unsurprising, given that we have such a diverse and complex pensions industry, with a wide range of schemes

[Brandon Lewis]

and options alongside an array of different regulatory regimes. A wide range of items may be included in pension charges—and alas, with no clear industry standard at the moment, providers often differ on what is included. Just to name a few, any or all the following may be included: product management, communications, services, administration, regulatory requirements, some investment management and, possibly, the cost of providing advice. How can any consumer find an easy way to compare like with like when there is such a range of options and figures printed on a statement? It is simply not possible.

Jim Shannon (Strangford) (DUP): I, too, congratulate the hon. Gentleman on bringing the matter to the House today. We need clarity about hidden charges—charges that people do not know are being made and which are removed from people's funding regularly—and about sales commission. There are often hidden charges before someone can leave a scheme.

There is also excessive trading in respect of those who are trying to keep on top of the portfolio; there is a charge every time that happens, and customers do not know that. There are a lot of hidden charges that customers do not know about. Does the hon. Gentleman think that such charges should be made known to the pension holder, so that they are aware of the costs involved?

Brandon Lewis: It is absolutely right that as much as possible should be transparent—potentially, everything should be as transparent as possible. The hon. Gentleman is right. As I will come on to say, people do not necessarily understand that when they come out of certain schemes or change jobs, the potential cost to them can as much as double. The costs are effectively hidden, because they are not clear or transparent at the time of entry, let alone of exit. That is why we need regular transparency. I will touch on that further in a moment.

It does not seem possible to find an easy way of comparing like with like. Just last week, the Work and Pensions Committee was taking evidence on pensions and it became very clear from looking at different operations that there are major variations in style between companies. What highlighted the issue of transparency for me more than anything was the fact that one company said that the simplicity and transparency of its charges is its single biggest marketing advantage. If Members will bear with me, I will read a short quote from that session. Adrian Boulding of Legal & General, which I congratulate for having this kind of transparent operation, said to the Committee:

"We compete on price in the market place and we are able to do that because we have invested heavily in technology. If I look at pension schemes that we have sold this year, they have all been sold within a price range of 0.3% at the bottom to 0.8% at the top. 90% of them have been sold at 0.5% or less."

Again, that is a range of figures that many people will struggle to understand. However, Mr Boulding went on to say:

"One of the particular features of our pitch to the market is that we charge just a single charge for the scheme, whereas some providers now want to charge £1.50 in addition to a fund management charge. NEST charges a contribution charged at 1.8% in addition to a fund management charge. Some insurance companies charge higher fund management charges when people leave the scheme. We charge a simple, straight fund management charge and it is the same for all members whether they are in the scheme or whether they have left, and there is only the one charge. We find that gives us an edge in the market place."

It was interesting that a company specifically said that the simplicity of its charging—it only has a single charge—was its marketing edge.

What is included in the charge element of a pension fund varies, but the inconsistency in how charges are communicated is an additional complicating factor. In fact, the wide range of approaches is needlessly complicated. Some pensions are regulated by the Financial Services Authority and require an illustration of the effects of charges. Other pensions, mainly those that are trust-based, have no requirement for such disclosure. The stakeholder pensions were introduced in 2001 and I credit the previous Government for introducing something that provided some simplicity and clarity. Stakeholder pensions require disclosure of individual deductions.

The lack of comprehensive and consistent information prevents effective monitoring by the FSA, the pensions regulator, and, potentially, by the Department of Work and Pensions itself. We risk creating a regulatory black hole if we fail to create a clear communications framework. That is why there is also a need to specify which regulator covers which area and to define regulators' powers to avoid market confusion over which regulator covers which issue—let alone confusion among consumers or among the employers that are implementing a scheme.

The approach taken by different pension providers and schemes also varies widely, as the National Association of Pension Funds has helpfully highlighted. Some providers quote an annual management charge as a percentage; others illustrate the effect in cash terms. Some present information in a personalised form, where charges are illustrated in a very varied way over different periods, whereas others provide information with a generic example. In some cases, the information is prominent, but in others it can be hard to find. In some cases, there are even charges for different parts of the process—for example, fund management prices can be shown separately.

We should compare the pensions sector with the banking sector, in which statements now clearly show what bank charges are on a weekly or monthly basis. The example of the banking sector is certainly one that the pensions sector should look at.

There is also financial jargon, which is unhelpful in any industry. If the range of charges and the communications about those charges are inconsistent, a pensions fog is created, and the impenetrable financial jargon that consumers must navigate has created a further consumer whiteout. In fact, I have used much of that jargon in my opening remarks today. I want to illustrate that point by giving two real-life examples, courtesy of the National Association of Pension Funds. They highlight how difficult it is for any consumer or business to understand what they are taking on with pensions. The first example is taken from a handbook provided to employees on a trust-based scheme. The handbook says:

"The manager's charges differ according to the type of fund. The charges are made within the fund and are reflected in the price of fund units. With some funds, two unit prices are shown - the "bid" price, at which units are sold, and the "offer" price, at

which units are bought; the difference - the "bid/offer spread" - reflects the manager's dealing costs. The bid/offer spread on these funds vary."

Then there is an impenetrable table listing six funds, showing for each one:

"a percentage annual charge on fund and a percentage bid/offer spread".

Just looking around the Chamber now, I can see that Members are already somewhat glazing over with the difficulty of trying to understand what we ask ordinary people to understand in their daily lives.

Richard Graham (Gloucester) (Con): I congratulate my hon. Friend on securing this debate on a really important topic and on building a strong case for transparency and clear communications. Does he think that the example that he has just given proves the point that Einstein used to make when he said, "If you can't explain something to your grandmother, you probably don't really understand it"?

Brandon Lewis: My hon. Friend has just summed things up with exactly the sort of clarity that we need in pensions charges, and I agree entirely with him.

Let me further enhance that point by giving another example, which is from a different type of scheme: a contract-based scheme. The quotation comes from a block of text headed "Additional expenses" that goes into a pension fund member's handbook:

"Additional expenses such as trustees', registrars', auditors' and regulators' fees may be deducted from some investment-linked funds. In addition, where the [name of insurer] investment-linked fund links to a Fund of Funds (a fund that holds other underlying funds as its investments) the additional expenses may also include the cost of managing the underlying funds. Where these expenses arise within the fund they have been taken into account in the calculation of the unit price. Details of the Annual Management Charge and any Additional Expenses can be obtained from your [insurance company] Pension Pack."

I assure Members that that is not an excerpt from a Monty Python sketch. It is, however, what people are having to deal with, and it is absolutely no wonder that consumers are confused and indeed suspicious of pensions when they are presented with information in such an opaque, complicated and almost incomprehensible fashion.

As I have already mentioned, many other financial products—such as mortgages and loans—now present information in a much clearer way, generally as a result of consumer pressure. I hope that similar consumer pressure will be brought to bear on the pensions industry.

It is rare for pension providers or schemes to show the actual cash amount of charges on an individual statement. Surely that would be the clearest way to provide vital information that the majority of people can understand. It is time to move away from a too long and too complicated explanation of charges towards greater clarity and understanding.

I have experience of being responsible for a company's pension scheme. In that scheme, people had to contribute nothing themselves but they were given money by the company to enter the scheme. That money did not come from their salaries; it was money over and above their salaries. However, on far too many occasions, even educated people with degrees turned the scheme down. When we asked advisers why that happened, we heard on a number of occasions that it was because people simply do not trust the forms or the companies, and they do not want to get into filling in forms and giving things away. They do not understand that, as in the case of my former company's pension scheme, it is about effectively trying to give them money; they still turn the money down. The system is so complicated that it puts people off, even people who are highly educated.

The problems that the system creates and the benefits of reforming it are what I will turn to next. The introduction of auto-enrolment next year will see between 10 million and 11 million extra employees being given access to a workplace pension. The Government's aim is the provision of low-cost pension options for savers, yet consumers' suspicion or wariness of pensions means that there is a risk of a high opt-out rate, which is something that we all obviously want to avoid. We must avoid exacerbating the problem because charges and their structure are difficult for people to understand.

Small businesses particularly face that problem. The complexity of schemes for businesses to choose from could risk disengagement by employers. At this point, I must congratulate the Federation of Small Businesses on considering establishing its own pension scheme. It understands that there is an onus on companies, particularly small and medium-sized enterprises, to do something. However, those SMEs are not only worried about the potential cost of auto-enrolment; in many cases, they see their staff as being part of a family. They care about their staff and want to provide the best for them, so they will want to ensure that they are making the best offer, the best investment and the best decision for their staff. They do not necessarily have the time to become involved with a range of pension providers but they know and trust the FSB, because they are members of it, so the idea that the FSB itself should have a brand of pension for SMEs to be part of makes a lot of sense.

For many businesses, independent financial advice will be unaffordable and, as I have just said, they will not have the time or expertise to cut through what can be a dense, even impenetrable, amount of financial information. Transparency can lead to better decision making on behalf of employees.

Much of our discussion today is about the information provided when someone joins a scheme, yet there is often scant information about what happens once they are involved in a scheme, as has already been touched on by Members. The lack of comprehensive information does nothing to reassure consumers, and it means that funds are under no pressure to demonstrate value for money and that much further down the line people can be in for a shock when they see where their pension stands, because of the charges. I agree with the sentiment expressed by Aviva, which said that focusing entirely on charges might be

"counterproductive and risks deterring a generation of new savers."

In terms of what those charges are, I think that Aviva is right, and in terms of making sure that the charges are understandable, we still have an important job to do.

We need to see that charges provide value for money and flexibility, and to do that we need to see what the charges are in a way we can all understand. We need to see whether members can receive value for money if a charge is very low, because the very best pension fund operators might not see that as a viable option for their involvement. Although I want to see the lowest possible

[Brandon Lewis]

charges for consumers, to encourage as many of them as possible to invest and have the best return on their money, we also must ensure that they and their employers receive adequate and proper advice, otherwise it might be that only higher-end earners will get the advice they need and want—and, indeed, pay for. There needs to be an industry culture of charges reflecting the cost and value of the services provided, but providers must continue to find ways to offer better value for money, which means finding additional efficiencies, using new technologies as Legal & General has outlined, and improving processes.

I believe that providing clear financial information using a pounds and pence principle will exert sideways pressure on schemes to maximise value for money. Showing consumers and employers what the bottom line in charges is allows them more easily to compare schemes. With a whole range of products, whether it is high street banking and its charges or anything else we want to buy, we are generally able to go out into the marketplace and find an easy way to compare like with like, and decide if we want to invest in a more expensive or a lower-cost product. If we are looking for the latter, we can see the range of offers from various companies, understand them and make an informed decision about where to invest and what to purchase. With pensions, it is extremely difficult to find like-for-like offers, and when employers have a range of things to do, including running their businesses, this is one more thing that we must make simpler for them.

I have thus far focused on companies, and on information being given to companies that run schemes, but we must not forget the wide range of people out there who have personal pension schemes. There are people at the higher end who can pay advisers whom they trust to make the best decisions, but there are other consumers who have gone to the trouble of taking out their own pensions who are not necessarily at the highest end and able to pay high-value advisers. Nevertheless, they need good pensions, and they need to have faith in them and understand them. We need clarity and transparency so that end-users—consumers—can see what the cost of their pension is when they get their statement, not just when they first enter a scheme but potentially on an annual basis.

I want to turn to what the Government can do. What options are available to Ministers to create a new culture of charge transparency? I argue for a very light-touch approach from the Government. Their role in this transformation should be to guide, encourage and motivate the process, and resorting to regulation or further legislation must be a final option. The introduction of auto-enrolment will mean that the national employment savings trust will become the default option for many. Although we should welcome NEST's role in pension provision, we must also remember that it is just another provider, and is neither designed nor suitable for everyone. I hope that its existence will assist in driving down charges across the sector, but its own charging structure is not a simple model and I am interested in the Minister's view on how we can move that forward.

I hope that, even though NEST provides a low-cost option, Ministers will press for greater transparency across the sector, so that there will be benefits of transparency also for people for whom NEST is not the most suitable option. NEST will not necessarily attract higher earners or employees who require a larger choice of investment funds and greater contribution levels, but those people equally need greater charge clarity. NEST will not pick up many seasonal workers or low earners who fall below the threshold, many of whom could be women who work part-time due to child care issues, and we must do more to simplify and open up the system to give them an option to save, if only a few pounds each week. The system needs simplicity and clarity if it is to have a chance of encouraging a wider range of people to come into saving.

I am interested to hear from the Minister how he thinks the Government can encourage transparency, how he thinks charges can be set out clearly and in terms readily understood by savers, and whether he believes, as I do, that this approach should apply equally to contract-based and trust-based pensions, where there are currently no requirements for charges to be disclosed to savers. Will he also outline how his Department plans to provide guidance to consumers and employers ahead of the introduction of auto-enrolment? It is important that we take every opportunity to raise this issue and to clarify the matter.

Employers have a crucial role. They must be fully aware of the costs and charges associated with the workplace schemes for which they will effectively be responsible for their employees. In evidence to the Work and Pensions Committee last week, it was indicated that the code of practice, at least in the first period, will be aimed at giving clarity of evidence and information to employers, so that they can make decisions about the scheme for their staff, rather than directly to the end-user or consumer, and in the long term that will not be enough. We need the clarity and transparency to go right through to the end client. Legal & General has managed it, and we need to ensure that we get it across the sector. Will the Minister also comment on the suggestion by Which? that pensions should be benchmarked against NEST to assure value for money?

Several organisations, including Which?, have expressed concern about active member discounts, which are schemes that have a low charge for people who are actively contributing but in which the charge increases, often significantly, once someone moves job or goes on maternity or paternity leave. That issue was touched on in an intervention earlier. I have heard it expressed that this is more of an inactive member penalty, and should be seen as such. It is potentially one of the biggest issues facing pension costs, and it should be addressed. Again, it can particularly affect women who take a break from work due to child care issues, and low earners who can be out of work for periods of time.

I am particularly concerned about the increase in charges levied by some insurance companies for people who change jobs, and transparency can help to deal with that as well. Which? research has found that some companies have an annual management charge of between 0.5% and 0.7% for active members, but that once someone leaves a company the charge can double. Such high charges could have a big impact on the pension received by the consumer at the end of the scheme, with their pension potentially reduced by up to 25%.

Although I would like to see a commitment from the Government to clarify the governance and regulation of charges, I have mentioned the desirability of a light-touch approach from Government and the impetus for change

must come from the industry. The National Association of Pension Funds has taken the lead in responding to the challenge to simplify the communication of charges. Earlier this autumn, it initiated an industry-wide discussion on the preparation of a voluntary code of practice on transparency of fees and charges, which resulted in the establishment of a working group to pursue that goal. I believe that only this morning the working group met to discuss how charges will be presented to employers in future, and I look forward to hearing about that discussion in greater detail.

That is exactly the responsible industry-led attitude that Minsters will be, and I am sure are, encouraging, and I hope that both Her Majesty's Treasury and the Department for Work and Pensions are able to play an active role in the process. The heavy hand of further statutory regulation or additional legislation should be pursued only if this process fails or proves unsatisfactory. I hope that a new code of practice is agreed and adopted across the pensions sector by next spring, ahead of the introduction of auto-enrolment later in the year, but we must ensure that we are able to move gradually and, potentially, as quickly as possible to ensure that the clarity that is needed and that the industry is now working on developing can be provided not just to employers operating schemes but to end-users.

Although that step initiated by the industry and the NAPF is very good news, it is not the total solution. For that we need simplicity in the statements, to give clear figures to pension holders of the cost of their pensions on an ongoing basis, going right through to the end client and not just to the employer running a scheme. For consumers, employers and the pension industry itself it is vital that the Government clarify the existing regulation of charges and encourage that transparency. Failure to do so will risk a return to the mis-selling scandals of recent decades and a drain on the new auto-enrolment scheme as employees opt out of the scheme chosen on their behalf. Most importantly, it will risk a massive loss of consumer confidence, jeopardising the radical reform necessary to secure the future retirement of millions.

Across Departments and local government, we have found that the transparency agenda has had a cleansing action. Costs have been cut, people are more aware of what is going on and confidence can be rebuilt. It is the most cleansing initiative before us today, and Government have taken that on board. I argue that the pension industry should also take transparency on board as a way to clarify the issue to restore, rebuild and develop confidence in the pension industry, so that people will save more to provide for their future when they retire.

3 pm

Jenny Willott (Cardiff Central) (LD): I congratulate the hon. Member for Great Yarmouth (Brandon Lewis) on his comprehensive speech, which covered a wide range of issues. I think that we would all agree that transparency is generally a good thing, and he gave lots of good reasons why, including some apposite examples of the problems created by lack of transparency, which we have probably all experienced.

Following on from the points that the hon. Gentleman raised, I have a couple of issues to highlight. Transparency in itself is not necessarily enough. He mentioned the introduction of auto-enrolment and the fact that across the House, we all want more people to save and we want auto-enrolment to be a success. Part of that will involve transparency, ease of use and so on, but there are also financial implications. People's take-home pay will be reduced at a time of difficult economic circumstances. We must overcome that and encourage people to understand that it is good to save for retirement. As he said, in some cases, free money is being offered to employees, yet they still do not take up the pension.

We need to overcome that significant hurdle in British society and get people to think more seriously about long-term saving. Part of that involves financial literacy and education. A lot of the problem is that people do not understand what they need to do, and as the hon. Gentleman said, they are bamboozled by a lot of the information that they receive. I am concerned that even with transparency about charges, which I support, people will still be confused if they do not understand what they are looking at. Many people do not understand compound interest or the compounding effect of charges; 0.8% sounds extremely small, but over the lifetime of a pension, it can be a significant amount of money. People simply do not understand what they are looking at. He is right that there might be many ways to present the information to make it more useful and practical in making a decision, but we must also ensure that people know what they are looking at and understand how it relates to the choices before them.

It is not just transparency of charges that is important but transparency about the range of different products from which people can choose and how their individual characteristics should inform the choice that they make. For example, as the hon. Gentleman said, are they male or female? Are they likely to take maternity leave or a career break? Are they self-employed, which might cause their income to rise and fall? Do they have a shorter life expectancy, for any one of various reasons? All those things affect what products are most appropriate. More transparency and more information are needed, so that people can make well-informed decisions about the best products for them.

We must also ensure that people are aware of the risks associated with different products, including charges and investment risk. Investment risk is often not explained properly, so people are not really aware of what they are signing up to. I have a couple of different random pensions—very small pots—from previous employment, as probably a lot of people my age do. I am not saving in them any more, but I get an annual statement telling me that I have lost a huge amount of money over the past year because the stock market has gone down.

Such information will not encourage people to save unless it is put in context and they understand the bigger picture and their long-term goal. We must ensure that it is put in context and that people understand all the different elements. A lot of that will involve education in schools to give people much better financial literacy at a much earlier age. A whole generation of people are going into employment who do not really understand anything to do with pensions, savings, debt, credit cards and so on. We must do much better. A lot of good work is going on in schools, but we must ensure that that is done as well as improving transparency, so that people know what they are looking at when they get better information.

[Jenny Willott]

I would like more transparency about the investment side of pensions, as that might encourage people to save. Foreign pension funds have been investing heavily in UK infrastructure during the past couple of years, but so far UK pension funds have not done the same. Moves are afoot to encourage them to do so, but a number of UK pension funds invest in less ethical concerns such as extraction industries, weapons manufacture and so on. That has an impact on people's choices about whether to save and which company to save with.

If we had transparency about where money was invested, fund managers would have to provide more information, so that people could see where their money was being invested and possibly move it around, thus making better use of their consumer power to encourage fund managers to invest where people want them to invest. That could encourage more people to save, particularly young people. I have many students in my constituency. For a lot of young people, ethical investment is a big issue. If they are to sacrifice some of their salary and tie it up for many decades to come, they want to know that that money will be used for good while it is invested by other companies. Better transparency would let people know where their money is, so that they can see what is being achieved with the investment of the money that they are saving. That would encourage more people to save as well.

We must be careful not to make the situation worse. One reason why annual statements are so complicated is that there is an awful lot of regulation about what information must be provided. When people get the annual statement for their private pension, stakeholder pension or whatever, they get a huge pile of bumf that goes with it, including lots of models showing how much they will get if they retire at 65 and what will happen if they carry on saving at this rate or if the market goes to this or that level. It is all useful information, designed to help people be better informed, but it switches many people off because there is too much detail. In theory, it is helpful, but actually, it can be counterproductive.

I agree completely with the hon. Member for Great Yarmouth that we must be careful about light-touch regulation. We must not be too prescriptive and must not just lay on more regulation, saying that more information must be provided, making the situation worse. We all want people to be able to see what they are investing in and to save more for the future. We need transparency to make that happen, but it should be done proportionately, assist people to see what they are investing in and encourage them to put money aside.

3.8 pm

David Mowat (Warrington South) (Con): I, too, congratulate my hon. Friend the Member for Great Yarmouth (Brandon Lewis) on leading the charge. During his remarks, he distinguished between the need for transparency and the absolute cost. I contend—I will talk a bit about the absolute cost—that there has been a market failure in the UK pensions industry over the past two decades. That market failure is having a significant impact on the private sector propensity to save. Fewer than half of people working in the private sector now contribute to a pension fund. Transparency and cost are symptoms of the market failure.

To give some numbers, the Financial Services Authority estimated this month that some 31% of private sector pension pots go to fees. That is not surprising, because fees are, roughly speaking, 1.5% to 2%. Most pension funds aim for retail prices index plus 3.5% to 4%, so 50% of the real return is budgeted to go in fees. When things are difficult, as they have been over the past couple of years, the reality is that the figures are much worse, and absolute returns fall.

The real issue is that the private pensions industry is massively subsidised, and it would be hard to find an industry in the UK that is subsidised to the same extent. The Government pays something in the order of £40 billion a year into the industry to keep it going in the way that it has come to expect.

As I said, we have a chronic market failure, which has a number of unpleasant consequences, and I want to explore a little how that market failure has arisen. Principally, it is an issue of complexity; we have complete asymmetry of information between pension fund users and the funds themselves, and my hon. Friend gave a number of the excellent examples.

The consequence is that a whole industry of financial advisers has grown up to act as an intermediary between these complex pension funds and the average employee or punter. The difficulty, of course, is that the commission structure that was put in place has seriously compromised financial advisers' independence. I congratulate the previous Government on what they did on the retail distribution review, and I hope this Government will push forward quickly to introduce it, because it is one of the things that must happen.

This market failure has also been caused by barriers to entry, which are a classic reason for market failure. Funds can charge fees of 1.5%, 2% or more in some cases because new entrants are not coming into the market with the velocity that we would expect. That, too, is to do with the industry's structure, and it is for the Government to encourage changes. When I was reflecting on the debate this morning, I looked at one platform and found 5,000 funds were available to me. They were provided by something like 45 different suppliers. The industry has not consolidated, because it has not been forced to and it is not subject to commercial pressure. The consequence is that fees have been too high, with all that that means for the private sector take-up of schemes.

At the heart of this issue is a lack of transparency. Transparency can mean different things at different times, but there is a lack of understanding and comparability. Let me mention a number of the different charges that I know of, although there may be many others. There are annual charges, entrance charges and exit charges. A new one, which a number of companies are using, relates to churn. The average pension fund—this is an extraordinary statistic—has a churn rate of 128%, which means that it turns over the equities that it invests in by 128% in one year. That generates charges and income, and all that goes with that. Warren Buffett advises people to spend 10 to 15 years in an equity, and it is not clear why pension funds are churning to the extent they are, unless that is to generate revenue for themselves.

There is the new platform charge, but I will not go into that, given the time. I have not even talked about the way the charge structure for annuities works or the

degree to which annuity advice is independent. The new super-charge has also come in. Companies are trying to get this trailing charge through before the RDR comes in, which is why we need to push ahead with it. Advisers are signed up for a trailing fee for many years into the future on the basis that they continue to have some kind of contact with the punter, even though about 50% or 60% of them never see the punter again. It is very difficult to bring transparency into such a charging structure and to provide for comparability, but we must try.

What are the consequences of this market failure? We can look at that in three ways: the consequences for the industry, the punter and the Government. This morning, I looked at Hargreaves Lansdown, which has about 500 employees, and the mean salary for one of its directors is £1.5 million per annum—nice business if you can get it.

What does market failure mean for the consumer? We have talked a little about that. Over the past 15 years, the average consumer in a private sector pension fund has had a return of 4.2% per annum. Broadly speaking, that is a bit better than the yield in the FTSE—that is the sort of return that consumers have managed to achieve after charges.

The consequence is that there is a massive lack of confidence in the pension industry. I know a lot of people who know that they should invest for the future and that they should put money aside, although they are in their 40s or 50s, so it is possibly too late. They do not do so, however, because they mistrust the industry. The fact that there is tax relief and that a lot of this money is free is lost because there is such distrust towards the industry, and I am not sure that people are totally wrong to feel like that.

The recent report from Lord McFall said that the median pension pot for a private sector person in their 40s or 50s is £35,000, which translates, even if built up, into a pension of less than £2,000 a year. Those are the consequences for the punter of this market failure, which has been caused by the lack of transparency.

The consequences for the Government are also pretty serious. We are getting an under-pensioned populace, despite the fact the Government are subsidising the industry to the tune of £30 billion to £40 billion per annum. Superimposed on that is the honest attempt to fix the problem with pensioning through the auto-enrolment scheme. However, that will actually result in a further subsidy and a further inflow of funds to the industry. Unless, it comes at the same time as reform, we will continue to see the current market abuse.

What should the Government do? We have talked about the need for simplification. As I listened to my hon. Friend's examples, I was reminded of the debate we had in the main Chamber about the energy companies and the need for transparency on energy tariffs. We heard that it was not possible properly to compare energy tariffs because they were so complex, so people did not know when and when not to switch. Frankly, the situation before us is analogous, but arguably more serious, because the amounts of money involved are much greater.

My hon. Friend gave us some sensible ideas about simplification, and the Government should think hard about them. There must be a way of doing things more simply. The Government might wish to look at the experience in other European countries, because there are better markets and rates are lower in many of them.

I have talked about the need for the RDR to go ahead at speed. I would like to ensure that that happens and that the review is not delayed, as it has occasionally been rumoured to be.

The Government should think hard about a cap for the pension funds that are permitted to be part of the NEST system. Under the stakeholder pension brought in by the previous Government, there was a cap of 1%, with a cap of 1.5% in the medium term, and that is probably justified. When an industry is not operating in a free market because it is as heavily subsidised, as this one is, it is reasonable for the Government to think in those terms. Indeed, this does not sound like a very free-market solution, but most of the people who join auto-enrolment will need a very simple tracker fund based on the FTSE, and there are all sorts of ways that could be achieved. There are several funds in Europe with charges of the order of 0.08% for a thing like that, and I think that the Government might want to think about different ways to achieve it.

I have not talked much about annuities, but the problem with respect to the market failure in annuities is that 75% of people who purchase them buy them from their pension provider. There may not be anything wrong with that, if it is the best deal, but the truth is that there is a huge difference between good and bad annuity rates. The Government should require pension advisers to ensure that at least three different quotations are given before a customer can take an annuity from the provider.

I want to touch briefly on one other final cause of the market failure. I am a trustee of the House of Commons pension fund. It is clear to me as a trustee that there is a tendency to be quite conservative about things. The only downside for a trustee, in relation to the possibility of being in breach of trust, is the potential for doing something risky. Most pension funds should buy assets—buy shares—themselves. They should not do that through funds and lose 2%, but there is no incentive for trustees to act in that way. In fact, all the incentives are for them to act in the opposite way. I used to work in the IT industry, where people used to say, "No one ever got fired for hiring IBM." Trustees have a similar characteristic, and that is a contributory factor to the market failure that I have talked about, which is causing so much difficulty now.

The Government have a big issue to deal with—I shall not call it a scandal—to do with transparency and practices that it would be reasonable to call anti-competitive. The country is under-pensioned, which will cause severe problems in the next four decades. There is a need to look hard, as a matter of Government policy, at getting confidence and zeal back into the industry, so I wish the Minister well.

3.22 pm

Gregg McClymont (Cumbernauld, Kilsyth and Kirkintilloch East) (Lab): I congratulate the hon. Member for Great Yarmouth (Brandon Lewis) on calling the debate. There is no doubt that costs and charges are one of the biggest issues in pensions. I welcome the fact that the National Association of Pension Funds called an

[Gregg McClymont]

industry summit on 23 November, to discuss transparency. However, as the speeches of the hon. Members for Cardiff Central (Jenny Willott) and for Warrington South (David Mowat) suggested, it is not clear that transparency in itself will be sufficient to tackle excessive costs and charges. In the past month and a half, I have spoken to many stakeholders in the pension sector, and I am grateful to them for the time and effort that they have put into those meetings. I am also grateful to them for the candour with which they described the industry's situation.

The hon. Member for Great Yarmouth rightly raised the question of complexity. The focus on transparency is important; but I want to pose two or three questions or observations about whether transparency will be sufficient. First—I think that this was touched on by the hon. Member for Warrington South—even with greater transparency, some pensions are inherently complex. We might even say that they are brain-numbing. There is a complexity to them that is not apparent in some other financial services. It is worth emphasising the extent of the challenge that the Minister, the Government and the country face with pensions. Some of the figures have been mentioned already, and without going into the specifics, I think that we can say pretty straightforwardly that many people—more than 40%—are not saving anything at all. Of the rest—those who are saving—many are not saving enough, related to which is something that was mentioned a moment ago by the hon. Member for Warrington South: annuities. Annuity rates are pretty eye-boggling. We know the reasons for that: the downward pressure on bond yields and gilt markets, in particular, and longevity. However, when those issues are taken together, it becomes clear that the country faces a huge challenge in the pensions sector.

We know from the findings of Lord McFall's workplace retirement income commission that there is poor transparency about costs and charges. Worryingly, Lord McFall found:

> "Disclosure around costs and charges remains inconsistent across schemes and providers. What is consistent, though, is the opacity of that disclosure."

I can only endorse the report's recommendation. Lord McFall suggests:

> "All schemes should be required to disclose costs and charges in a way that is transparent for consumers and which shows the cash impact of charges on the pension pot. The industry should develop a code of good practice on this issue and the government should monitor this and consider taking regulatory action if standards are not improved."

So far, so good. I have in my mind the market failure emphasised by the hon. Member for Warrington South. The issue arises whether, as we go on, market failure will be solved even by something as worth while as a code of conduct.

The hon. Member for Great Yarmouth also mentioned active member discounts, and transparency about them would be beneficial. As he said, those discounts can better be described as deferred member penalties. Given the reality of the modern British labour market, in which according to Department for Work and Pensions figures the average person has 11 different jobs during their working life, the size of penalties imposed on deferred members is a key piece of information. The proposed costs should be highlighted and made clear. The consumer organisation Which? tells me that past and deferred employees may face charges up to three times higher than those for active members. In its estimation, that could reduce the value of those pensions by up to 25%. I accept that there is an administrative cost to pensions to which deferred members no longer actively contribute, but it is far from clear to me that the costs should be as high as they can sometimes be—for example, a recurring charge of 1.5%.

Transparency is clearly important in the context of auto-enrolment, because fees and charges will be critical if auto-enrolment is to be a success. The Minister knows that I am disappointed at the delaying of the timetable for auto-enrolment for small businesses. I look forward to hearing, sooner rather than later, what is to happen to businesses of between 50 and 300 employees.

There is a simple, wider point to make about the national employment savings trust and auto-enrolment: many employers that are engaging with auto-enrolment will be new to pensions and need clear and straightforward information if they are to pick the best value pension for their staff. In that context, I back another recommendation of Lord McFall's workplace retirement income commission; this point relates precisely to something that the hon. Member for Warrington South said. Charge caps should apply to all schemes that will be eligible for auto-enrolment. The Government must not wait on market failure to act. It is simply too important that auto-enrolment should succeed, because the country faces a huge range of pensions issues. We must ensure that auto-enrolment has every chance of succeeding, and a charge cap on all schemes is important in that respect.

Auto-enrolment is aimed at a low-earning work force who have, largely, not so far contributed to pensions. As other hon. Members have suggested, that is partly because of a lack of confidence in pension products altogether. If we permit confidence to be damaged, because auto-enrolment does not succeed, many people could opt out, which would jeopardise auto-enrolment. There was some consensus about that from the hon. Member for Cardiff Central and the hon. Member for Warrington South. Once that opt-out happens, it is difficult to put the genie back in the bottle.

Greater transparency is an ambition on which everyone seems to agree, but I do not share the view of the hon. Member for Great Yarmouth—I hope I am not misrepresenting it—that transparency will be enough to ensure a fit-for-purpose pensions industry. There is some consensus that a long-standing industry in which the market has not already required transparency of market providers is likely to have a structural problem. The absence of transparency in our pension costs and charges is likely to be a symptom of the problem, not its cause. First, we have inherent complexity, even with transparency. Secondly, we face a challenge in relation to the number of people who do not save and the even larger number who do not save enough. Thirdly, and more widely, returns on pension contributions are an issue.

The hon. Member for Cardiff Central has emphasised the importance of financial literacy. I have had many discussions with the industry and stakeholders, who emphasise that such literacy is beneficial. I cannot imagine that anyone is against greater financial literacy,

but I reiterate that, even with financial literacy, pensions remain complex. It is worth conducting a thought experiment: what would an enlightened and informed British consumer and voter observe of the UK pensions world? I suggest that they would observe that there is a big difference in costs and outcomes between UK defined benefit schemes and defined contribution schemes, even where the sums paid in by employer and employee are comparable. Historically, that may have mattered less when DB schemes were in the ascendancy. It matters much more now that DC and, in particular, contract-based DC schemes are becoming such a significant part of provision.

If the enlightened and informed consumer—this point has already been touched on—were to look around the European Union as a single market, as it encourages us to do so, he or she might be surprised to find that annual charges could be as low as 0.04% a year for an occupational pension provided by ATP in Denmark. The enlightened and informed consumer-voter could hardly fail to be pretty unhappy if he or she were contributing to a UK contract-based DC scheme in the knowledge that they could make the same contributions as someone else but receive thousands of pounds less per year in income than someone in the Danish scheme. I am told by some people that there is no issue concerning charges in the UK, because many are less than 1% per annum. That may be true, but there is a big difference on a compound basis between an annual charge of 0.3% and one of, say, 0.7%. Our very best practice is therefore still much worse than the Danish best practice.

The structure of the UK pensions industry impedes it from responding effectively to consumer unhappiness, and that unhappiness has been powerfully articulated by other Members. However much it might wish to do so, the industry cannot respond, because of the structure. Scale is important in that regard. We need a scaling up of the pensions industry, but there are two major impediments to acquiring scale in DC provision. It is worth pointing out that the UK has a striking number of pension fund providers compared with Europe as a whole and that disaggregation is significant in terms of structural impediments. The first major impediment is that the law impedes the creation of super-trusts or collective DC schemes. The second, I am sometimes told, is that employers and employees might be reluctant to move to collective DC schemes.

Defined contribution is where the action is increasingly at. There is a consensus, I think, more or less across the board that DB schemes, while still of great importance to those who are enrolled in them, will be of less significance than DC schemes in future. The question is about how to make DC work better.

The Government can remove the first impediment in relation to the creation of super-trusts and the legal framework. The Minister has talked favourably in the past about re-examining the case for super-trusts and collective DC schemes. I strongly encourage him to do so.

On the second impediment, some tell me that employers want to retain pension schemes that are clearly linked to each of them alone and are not shared—that is, not collective DC. That is not the view of the National Association of Pension Funds, which has supported super-trusts, nor is it mine. I am sceptical of the view that, if a firm has opted for a contract-based DC scheme, it will be opposed to collective DC. After all, it will already have opted to move away from maintaining a fiduciary relationship. In any event, that is an argument not against making collective DC or super-trusts available, but for ensuring that there are other options.

It has been suggested that employees would not be in favour of collective DCs, because they prefer schemes where they obviously do not share risk. Again, I am sceptical. I suspect that, on average, the informed and enlightened consumer, if invited to choose between the stone-cold certainty of losing a large chunk of his or her pension pot—as is often the case at the moment—and only possibly running the risk of losing some of it, would tend to prefer the latter. The largest known revision from target income from a collective DC scheme, as far as I am aware, occurred in the Netherlands and was roughly 6%. That is a lot lower than some of the figures suggested for losses to pots purely for being DC.

In summary, I welcome moves by the industry to make charges and transparency clearer, which is a good thing that I do not think anyone would oppose. These moves must succeed; otherwise the Government will have to act, given the scale of the challenges facing our country as we all look at saving for our retirement. On those who wish to make offers under auto-enrolment, some minimum standards on costs and charges should be set now, because we cannot afford any failures. Overall, I think that the transparency issues are symptomatic of an industry that is currently constrained by legal impediments from responding to potential demand. Simply put, at present, British law does not permit the creation of collective DC schemes. We should deal with that underlying impediment.

We should all share a sense of urgency. The Minister is well aware of this—I do not need to tell him—but I reiterate that the scale of the challenges that we face in the pensions field is enormous. If we do not get it right, starting with auto-enrolment, followed by lowering costs and charges in the pensions field, the burden will ultimately fall on the state. To avoid that burden, the Government have to act, and act quickly.

3.38 pm

The Minister of State, Department for Work and Pensions (Steve Webb): There is a risk of an outbreak of violent agreement in this debate, but I will do my best to sow some dissent, if I can. I congratulate my hon. Friend the Member for Great Yarmouth (Brandon Lewis) on securing the debate. It is good to see a number of hon. Members present and happy to spend 90 minutes discussing transparency in pension fund charges. Although it may be thought of as a dry subject, it is, as we have heard from a number of contributors, fundamentally important to the pensions outcomes of so many of our constituents. I am, therefore, grateful not only to my hon. Friend for securing the debate, but to all hon. Members who have participated in thoughtful ways.

I was struck by my hon. Friend's examples of baffling language. On the first pension I ever had, I remember having to choose whether I wanted it to be "with profits" or not. I thought, "Profits must be a good thing, so I'll have one of them," but I did not have a clue. I worked for the Institute for Fiscal Studies at the time, so I may have been thought to have a clue, but I had no idea what it was. In fact, I am still a little bit hazy about it, but I do not have it any more.

[Steve Webb]

It is absolutely clear that, although people get information, it does not inform. As my hon. Friend the Member for Cardiff Central (Jenny Willott) said, although one can get a wodge of stuff that complies with all the necessary regulations, it might not actually communicate anything at all. I agree with her that financial literacy is an important part of the jigsaw. She may have been encouraged to hear the Prime Minister say at Prime Minister's questions that he will look at the research the all-party group on financial education for young people is doing. There is clearly some momentum behind that campaign in the House, which I certainly welcome. However, I think she would be the first to admit that financial literacy is only part of the jigsaw.

One of the crucial things about pensions is that we need to make them work for people who do not engage. In other words, most people will find the subject boring or off-putting and we need to ensure that their interests are protected. A phrase in the behavioural economics and pensions lexicon is, "You can't beat a good default." That is significant in the context of auto-enrolment because, by the end of the process, we will take firms that are not interested and give them a legal duty to choose a pension. It will not be the employer's pension; it will be the employee's pension. Therefore, the firm may have a limited incentive. It may care about its workers, but there may be a limit to how far it wants to go.

As we have heard, there may be employers coming into auto-enrol that are less educated, less interested and less well informed. When we discussed these issues in the Committee that considered the Pensions Bill earlier this year, one hon. Member—I think it was the hon. Member for Islwyn (Chris Evans)—asked what happens when a man in a shiny suit turns up. For example, he might turn up at a small engineering firm in the west midlands that employs three people and that probably did not even know it had a legal duty to auto-enrol—we have done our best, but it may not have heard—and say, "You've got to do this thing. I can do a scheme. Here are the terms. Sign here."

There might be a tendency for such a firm to go for that. The question then is: who is looking after the welfare of the employee, because the employee will almost certainly end up auto-enrolled into a default fund? We need to make sure that the employee, who may not be engaged with pensions either, is protected. Transparency is a part of that. Individuals must get the relevant material, so that they know what they are paying. However, the employer has chosen the scheme. Happily, we are still on the eve of auto-enrolment, so we need to make sure that, first and foremost, employers have transparency. When employers are establishing auto-enrolment schemes or choosing schemes that are already running, they will therefore know what they are choosing between in a simple and consistent way.

I very much welcome the work of the National Association of Pension Funds that has been cited by a number of hon. Members. I am delighted that it is bringing together industry players, such as the Association of British Insurers, many of whose members offer contract-based pensions. We are therefore getting a spread across the breadth of pension provision. If that group and that work can produce an effective industry code of practice on transparency on charges, so much the better. I entirely agree with my hon. Friend the Member for Great Yarmouth that, if the industry can sort its own house out—it has not done so yet and there is some recognition of that—it is far better than the Government trying to be over-prescriptive. We need to ensure that we can get to that point quickly. I am pretty sure that, if the ABI, the NAPF and others get their act together and sort it out, they can move a lot faster than the Government. If an industry code of practice is in place before auto-enrolment starts, that will be very positive.

A number of hon. Members referred to the important issues of active member discounts, deferred member charges and deferred member penalties. That is a good example of transparency, or the lack of it. Someone might have left a firm years ago and still have some money with it. As my hon. Friend said, they might receive a statement, but they probably do not understand it. It is not apparent what is happening on charges and it perhaps did not even occur to the person concerned that, now they have left the firm, the charges are higher than they were when they were with the firm. Again, transparency gets us only so far.

One of the things we as a Government need to do, particularly post auto-enrolment, is to look at the whole issue of transfers. As the hon. Member for Cumbernauld, Kilsyth and Kirkintilloch East (Gregg McClymont)—I discovered the other day that that is the longest constituency name in Parliament—said, people might typically have 11 different jobs and acquire multiple small pots during their lifetime.

We could just do transparency. We could make sure that people know what pots they have got and what charges they are paying. However, a better strategy in my view—or certainly a better first step—would be to consolidate all those small pots, so that people are not left with stranded pots that they might never access at all because the firm has lost touch with them. We know that that happens because we hear from pension fund trustees who cannot find their members anymore. I do not know, Mr Gale, whether when you have moved house, you have told all your pension providers of your new address, but many people fail to do so. Therefore, many people end up with stranded pension pots because the providers have lost contact with them or because the pots are so small one could not buy an annuity with them and the charges for transferring them out are so large as to not make it worth while.

One can start to see how individuals who are just the sort of people who might be under-pensioned will get a bad deal. Therefore, transparency takes us so far, but much more action on transfers could take us a lot further. Hon. Members will be encouraged to know that, very shortly, I hope that we will be publishing a document setting out some options on how we might make transfers work. It is code-named "project big fat pot." The idea is that we bring together all the small pension pots people have. In an auto-enrolment world, that really matters because we estimate that hundreds of thousands of small pots could be created every year. Such pots belong to people who are auto-enrolled, leave the firm and move on. We need to ensure that that process of accumulation of pots is as systematic and automatic as possible.

We will set out options. I say to the shadow spokesman that we are very much in listening mode on this and that, if he has insights and thoughts on our consultation,

we will be pleased to hear what they are and to meet him to discuss them. One option is that the pot should follow the person. So if someone changes jobs, by default, the new firm says, "Right, we've auto-enrolled you. You have just come from another scheme. Unless you tell us not to, we will take the money into the new scheme, so you consolidate into the new scheme." That is quite attractive but, on the other hand, such an approach raises issues around member protection if someone goes from "a good scheme" to a "not so good scheme."

An alternative option would be that, by default, small pots go to a third-party aggregator—a third-party pot. That could be the NEST, another provider, a multiple set of providers or a super-trust. There is a variety of options. Again, that will mean someone does not end up with stranded pots and deferred member charges; they will just end up with a big fat pension pot, as far as they can.

That brings me to the point made by my hon. Friend the Member for Warrington South (David Mowat) about value for money. My rule of thumb on people buying annuities is that a third of people shop around and switch, a third of people shop around and stay with their provider, and a third of people do not shop around. If we can accumulate small pots into big ones, that will ensure people are getting better value for money and better annuity returns. However, he is absolutely right: transparency and information for people when they are making their annuity choices is vital and getting as close as we can to turning defaulting into shopping around has got to be the direction of travel.

The Association of British Insurers has taken some important steps in that direction recently. For example, if someone has saved with company A and, six months before they are due to draw their annuity, it contacts them, the ABI is making it a condition of membership of the ABI that the provider does not send the application form that is easy for someone to fill in and send back, meaning they end up with company A. Someone has to actively seek that out. That is a small step, but it is a step in the right direction.

We can do more and the Financial Secretary to the Treasury will be announcing further measures on that shortly. We need to ensure that people see what the charges are but, better yet, we need to try to ensure that people are not in a position where they face these charges. Instead, they should have the money somewhere they are connected to, rather than somewhere they left a long time ago. That would be an appropriate response.

There has been talk during the debate about NEST. It is encouraging that NEST has already driven up standards in the industry. In focusing on its target market, which includes people on lower incomes and people who have not been pensioned before, NEST has had to think very hard about language and communication. It has come up with a lexicon of phrases and the use of words such as "vesting" has been ruled out. That word cannot be used because nobody knows what it means. Unfortunately, the word "pension" is also a bit tricky as nobody knows what that means either. I think NEST calls a pension a retirement wage or something. I have a branding problem with my own job. I have asked the Prime Minister if I can be called the Minister for retirement solutions or something like that.

There is a serious issue surrounding the communication of pensions. NEST has led the field. Others are working with it and we, as a Department, have a working group on communications that involves a lot of the industry in trying to ensure that all of us are speaking human rather than pensions. That is vital in the context of auto-enrolment.

I do not know whether the shadow spokesman has had a chance to visit NEST yet, but we extend an invitation for him to do so. *[Interruption.]* Next week—there we go. My hon. Friends on the Select Committee visited and came back pretty impressed with what NEST is doing to drive up standards of communication, which is really important, and standards of transparency on charges, and to bring charges down.

I will say a word about the NEST charging structure in a second, but perhaps slightly contrary to what my hon. Friend the Member for Warrington South said, the evidence in the auto-enrolment space is that charges are coming down. He raised the issue of entrance to the market. We see growing competition—auto-enrolment is a big market; 10 million people will be auto-enrolled—new people coming in and charges coming down. For example, the B&CE organisation has branded itself as the "people's pension"—I will not comment—with an annual management charge of 0.5%. NOW: Pensions, which is linked to the Danish providers, has a different structure at £1.50 a month, I believe, and a 0.3% charge. My hon. Friend the Member for Great Yarmouth mentioned the Federation of Small Businesses, which I believe is coming in with charges below 1%. There is NEST. We have heard about Legal & General, obviously an existing provider, but one that is working proactively in the market. I am encouraged that, in the early phases of auto-enrolment, I do not think that we have a problem with charges. I stress that—in the early phases I do not think that we have a problem. On the whole, we are dealing with the huge employers—the big supermarkets and some of the public sector. They have people spending time and effort shopping around. They can drive a hard bargain. They are engaged with pensions—I do not think that we have a problem there.

The challenge for Government is further down the track, as we get towards the medium and smaller firms that are clearly less profitable for the providers. We hope that many will go to NEST. When the pensions regulator writes to them a year out, we will flag up NEST. We will say that we have created NEST and that it is designed specifically with them in mind, and that they should have a look at it. There is a risk, however, that people will go to other providers and end up with high-cost providers. That is why we are looking at the issue of charge caps. In the debate, we heard two competing views on that: the call for charge caps, and the view that we should go for light-touch regulation and charge caps as a last resort. That is the dilemma we face.

It is only fair to say that charges are paying for something. In a transparent world, there may be a case for what looks like a high pension charge if people get something for it. I use the analogy that if all someone wants is vanilla then that is fine. We might say that vanilla ought to be cheap. If someone wants raspberry ripple, we might let them pay a little bit extra for it. We do not necessarily want to say that it is evil to charge more than a certain amount for a pension, but people should certainly know what it is they are paying and

[Steve Webb]

know what they get for it. For example, if someone is offering a sophisticated or niche investment, they should be able to charge for it, as long as we know what it is. The focus of our attention on charges is particularly on the area of default funds, because those will be the ones where people have made no active choice, where they have just been lumped in, and we need to ensure that people are protected.

David Mowat: I hear the Minister's analogy of vanilla versus raspberry ripple. Raspberry ripple is analogous to actively managed funds. Remembering that those funds are heavily subsidised and paid for by a lot of Government money, is it his assessment that actively managed funds give value for money in the industry, and have demonstrated that they have been clearly better than tracker funds in the past decade or so?

Steve Webb: I suspect that the arguments over the merits of active management against passive trackers and so on are food for longer than a seven-minute debate, and are the source of much contention. The point that I am making is not so much that one or other is good or bad, but that we want individuals who make active choices. They can have a knickerbocker glory if they like. They ought to be able to choose as long as they know what they are getting, and can make an assessment on whether they are getting value for money. The worry we have is that, if people end up defaulted into something, they do not know what has been done to them, do not make any choices and potentially find that a big chunk of their money is going in charges. In such circumstances, the case for action is stronger.

That is not straightforward, however. What is a charge? My hon. Friend the Member for Great Yarmouth listed a whole raft of different things that can be mentioned in the course of setting out charges. Do we just cap an annual management charge? If so, what about transactions charges and sales charges? The danger is that, if we cap a bit of the charge, we squeeze the balloon and it just comes out somewhere else. It is easy to say, and I have said it, "Oh, we just cap charges." Actually doing it and defining charges is less straightforward than one might imagine.

In the few minutes available to me—I believe that a Division in the House is imminent—I would like to pick up on the scale of the deferred member charges. For group personal pensions and stakeholder pensions, where one of those deferred member premiums is charged, our survey evidence from 2010 is that for active members we are typically talking about 0.6% as an AMC, but for deferred members an average of approximately 1%. These numbers vary a lot, but even that, as we have heard, cumulatively is a big chunk out of people's pensions and something that we want to do something about.

To clarify the NEST charging structure, it has a contribution charge of 1.8% and an AMC of 0.3%. It is structured like that because NEST was started from scratch and so has to borrow money to start at business. It has to set up and be all in place before the first pound comes through the door some years later. The Government lent NEST that money on favourable terms because of its public service obligation. The 1.8% contribution charge reflects the Government loan. When that Government loan is paid off, the 1.8% charge will go. Having said that, it will be quite a number of years before it does: it is not permanent, but it is not short-term. It will be with us for some years, but that is why the structure is as it is. The 1.8% contribution charge and 0.3% AMC average out at approximately 0.5%. We are finding that the market is now coming down to about that level.

On charge caps, people sometimes say that, if there is a charge cap, the danger is that everybody goes up—the maximum becomes the minimum. I do not think that that will happen in this case, because we have NEST in the market. We are making sure that NEST is at a certain level, so charging could not be sustained at a much higher level. Therefore, I do not think that the argument against charge caps actually holds.

We heard a number of other points during the debate. My hon. Friend the Member for Warrington South referred to a £40 billion subsidy. That depends on how we look at it. Tax relief, fundamentally, is avoiding double taxation. If I earn some money, pay tax on it and then invest in a pension out of my post-tax income and am then taxed on my pension, that will be double taxation. We give tax relief on the pension contribution. Leaving aside the issue of higher rate relief, which is a different issue, someone who is on a standard rate of tax when they earn the money and a standard rate of tax when they draw the pension is being taxed once. I do not count that as a subsidy of the pension industry; I just count that as not double taxing people. There is a bit of an issue about higher rate relief, particularly when people retire on a standard rate, but I do not think we subsidise the pensions industry—that is not the way I would view it.

My hon. Friend raised an important point about comparability. We know that swapping energy tariffs, as he says, is a real challenge. As soon as someone has changed energy supplier, they can often jack the charges up. It is less straightforward at least with pension providers, because if someone signs on to a contract there are terms and conditions on whether they can subsequently be changed. It would be a good thing to get that transparency in place.

Drawing some of these threads together in this very important debate, I welcome the Select Committee's inquiry, and the work it did recently in questioning witnesses. I welcome the lead that the NAPF is taking on this issue and the fact that it is bringing industry players together. A new industry code of practice would be an important step in the right direction. The Government may well have a role. We will certainly work closely with the NAPF and the industry to support that work. At the same time, we are looking at the role of charge caps and whether they have a part to play in auto-enrolment. We do not anticipate the issue of charges being a big problem in the short term. The scale of the market early on is a small number of big buyers who are relatively well informed and relatively well resourced, so we think that that will work well, but we are actively considering whether we need to go further. We all want to protect individuals and ensure that, of the money that goes into their pension, far more goes out in the form of pensions. That, I think, is a goal we all share.

Tibet

3.59 pm

Simon Hughes (Bermondsey and Old Southwark) (LD): Thank you, Mr Gale, and thank you to Mr Speaker for choosing this subject—in Tibetan, thuk-je-che: thank you.

At this time of year, we can probably have no debate more appropriate than one about Tibet, given that United Nations human rights day is commemorated this coming Saturday, 10 December. I am grateful for the opportunity to raise an issue that has often been a subject of debate in this House.

As I have declared in the Register of Members' Financial Interests, two months ago, at the beginning of October, at the invitation of the Tibet Society and the Tibetan Government-in-exile, I went to Dharamsala in India with the hon. Members for Leeds North East (Fabian Hamilton), for Scunthorpe (Nic Dakin), for North Wiltshire (Mr Gray) and for Kilmarnock and Loudoun (Cathy Jamieson), all of whom I am happy to call my hon. Friends. The five of us spent four informative days together in Dharamsala, during which time we were privileged to meet His Holiness the Dalai Lama, other people in the Tibetan Government-in-exile and many others.

The reason why the debate is as appropriate as ever is that, sadly, in recent weeks there has been an outbreak of self-immolation—suicide—among nuns and monks in Tibet, and it has caught the attention of the world. This year, on 31 October, my hon. Friend the Member for Leeds North East tabled early-day motion 2327, expressing great sadness at the disturbing news of 10 incidents of self-immolation in eastern Tibet by young Tibetan monks, former monks and a nun. Since then there has been a further death. Those people, in monasteries mainly in Ngaba in Tibet, have been setting themselves alight as a protest against their inability to express their faith and their allegiance to His Holiness the Dalai Lama. They have drawn the sympathy of the world.

Jonathan Edwards (Carmarthen East and Dinefwr) (PC): Will the right hon. Gentleman give way?

Simon Hughes: I will in a second. I am grateful to see the hon. Gentleman in the Chamber.

On 25 November, a letter in *The Guardian* from Dai Qingli of the Chinese embassy was headed "Tibetan deaths violate Buddhism". The argument of the letter was that the deaths were a fatal violation of the spirit of peace and tolerance that defines Tibetan Buddhism. I am grateful that hon. Friends from a number of parties have joined me in replying to that letter in today's *Guardian*:

> "Dai Qingli's letter...revealed not only a woeful lack of comprehension of the crisis in Tibet but also the Chinese Communist party's failure to gain any measure of legitimacy among the Tibetan people after more than 60 years. Since February 2009, 11 Tibetan monks or former monks and two nuns in Tibet have set fire to themselves in a new and disturbing development driven by agonising oppression. It is a terrible indictment of China's Tibet policy...Contrary to Dai Qingli's claims, the Dalai Lama and other religious leaders in exile want these deaths to stop and Tibetans to be able to practise their religion and protect their cultural identity. Dai Qingli is wrong, too, on his paranoid assertions of a separatist agenda of the Dalai Lama; the exiled religious leader is urging the Chinese government to implement its own laws granting Tibetans a genuine autonomy within the People's Republic of China. It is in the interests of the Chinese leadership to listen, instead of risking the further escalation of tensions, and to engage in dialogue with this most-respected and reasonable figure, the Dalai Lama."

Jonathan Edwards: I congratulate the right hon. Gentleman on securing the debate and on his consistency in his work on this important issue. He referred to those serious incidents of self-immolation. Does he agree that it would be appropriate for the UK Government to make a statement outlining their position on recent events and on how they aim to pursue the matter with the Chinese Government?

Simon Hughes: I am grateful to the hon. Gentleman. He and his party have always been good on the issue, which has united people throughout the parties and the United Kingdom. I have had the privilege of meeting His Holiness three times in this country and the Tibetan peace garden, which he opened on a previous visit, is in my constituency—in the grounds of Geraldine Mary Harmsworth park over the river from Parliament.

I appreciate the presence of the Minister, the hon. Member for North West Norfolk (Mr Bellingham), and hope that he can give a positive response to the request made not only by the hon. Member for Carmarthen East and Dinefwr (Jonathan Edwards) but by all of us together.

I have not been to China, other than to Hong Kong when it was still under British rule, although I would very much like to go. I have therefore not been to Tibet, although all my life, since I was a little boy—I just about remember the uprising in Lhasa, the Chinese invasion and the flight of the Tibetan people from Tibet—the country has mattered to me and to many in the UK.

Not surprisingly, in 1959, the same year as the uprising, the Tibet Society was formed in this country to argue the case for the proud and historic nation of Tibet and its people and for their rights to be upheld. I pay tribute to the Tibet Society, which has done consistent and effective campaigning work, and to its president, my hon. Friend the Member for Lewes (Norman Baker). I also pay tribute to its chair, Ricky Hyde-Chambers, who is a constituent of mine, and to its chief executive, Philippa Carrick. With their staff, they are a really effective team. They supported us in our visit to Dharamsala this year and have done so at other times in the past.

I want to come to history and politics in a second. When we were in Dharamsala, we were privileged to meet the new Kalon Tripa. This year, for the first time, His Holiness the Dalai Lama announced that he would give up all political authority, while retaining spiritual authority. There was an election among Tibetans worldwide and, on 8 August, Dr Lobsang Sangay was elected as the new political leader. We had the privilege of welcoming him only recently, as part of his tour of Europe and the States; he had been living in the States, but is now back in Dharamsala.

An important issue for our country is to keep in constant dialogue with such elected representatives, who are enlightened and engaged in their international contacts. I salute them, together with His Holiness, for what they

[Simon Hughes]

have done already. In a way, we are in the Chamber to pledge our commitment to go on and to work better with them.

I do not pretend to be a great historian of China or Tibet but, put simply, Tibet has a proud independent history. We can argue whether it was completely independent but it was perceived as effectively independent by the British, who have had a particular link over the years, especially in the previous century. It was only in 1959, after the Chinese invasion, that the people of Tibet turned their loyalty to the Dalai Lama, who had to flee the country. They have remained loyal to him.

All the evidence is that the overwhelming majority of the people, not only in what the Chinese call the autonomous republic of Tibet, but in greater Tibet, which goes beyond what the Chinese recognise, have an independence that is both ethnic and cultural, in language and in faith. It is one that they want to be able to exercise. The present view of the Dalai Lama, which he has held for many years, and of the Tibetan Government-in-exile, is not that they want total independence—they are not making that argument—but that they want to have the autonomy that already exists in other parts of China.

For example, Hong Kong and Macau have a certain autonomy, which was negotiated, and parts of mainland China have a certain autonomy. The Tibetan Government-in-exile are asking for that autonomy, as well as for the freedom not to be told how to live their lives, how to worship and who to worship, and how to go about their own cultural activities.

Nic Dakin (Scunthorpe) (Lab): I am pleased to serve under your chairmanship, Mr Gale. I also declare my interests set out in the Register of Members' Financial Interests.

The right hon. Member for Bermondsey and Old Southwark (Simon Hughes) is clearly outlining a difficult situation in Tibet. Does he agree that in all the representations from Lobsang Sangay and the Dalai Lama there is clarity about the desire for a peaceful settlement, and recognition that everything that can be done to cease the troubles in Tibet, particularly self-immolation, should happen peacefully? People are being urged to cease those terrible events in Tibet.

Simon Hughes: Not only—*[Interruption.]* I welcome my hon. Friend the Member for Kilmarnock and Loudoun, who was with us in October.

Not only is my hon. Friend the Member for Scunthorpe right about that, but the whole ethic of Tibetan Buddhism is peacefulness, non-aggression and non-violence. That is why it is such a terrible indictment of the Chinese regime that it will not allow those peaceful people to express themselves in their peaceful way. I have nothing against China and its people; I represent one of the largest Chinese communities in this country. That is not the issue. The issue is how the Chinese behave at home towards that different group of people in its territory.

Over the years, a number of colleagues have persistently raised the issues here, and I pay particular tribute to the Under-Secretary of State for Transport, my hon. Friend the Member for Lewes, who, when he was not a Minister, was able to raise these matters. He did so in March 1999, on the 40th anniversary of the 1959 uprising; on 28 June 2005, just ahead of the EU-China summit, which was under our presidency; and on 1 April 2008, when he opened by saying that he was angrier, sadder and less hopeful then than ever before.

That was before what was probably an understandable, but in the end rather unhelpful, clarification of policy by the then Foreign Secretary. It was not well received in Tibet. Whatever our politics and understanding of how we want to build and cement links with China, the fact is that the then Foreign Secretary said:

> "Our ability to get our points across has sometimes been clouded by the position the UK took at the start of the 20th century on the status of Tibet, a position based on the geopolitics of the time. Our recognition of China's 'special position' in Tibet developed from the outdated concept of suzerainty."

He hugely disappointed people among the Tibetan community in exile and in Tibet when he then said on behalf of the then Government:

> "We have made clear to the Chinese Government, and publicly, that we do not support Tibetan independence. Like every other EU member state, and the United States, we regard Tibet as part of the People's Republic of China."

The statement was, of course, more balanced, because it went on to say:

> "Our interest is in the long-term stability, which can only be achieved through respect for human rights and greater autonomy for the Tibetans."—*[Official Report*, 29 October 2008; Vol. 481, c. 30WS.]

I pay tribute to the fact that Ministers have gone on arguing that case under the Labour Government and the present Conservative-Liberal Democrat coalition Government. I also pay tribute to the Minister of State, my hon. Friend the Member for Taunton Deane (Mr Browne), and to the Minister on the Bench, as well as to the Foreign Secretary, who has been robust about human rights issues.

I want to take the Chamber to where we might go. Many hon. Members have persistently expressed their concern. A litany of colleagues on both sides have asked questions, including, from the Conservative party, my right hon. and learned Friend the Member for Kensington (Sir Malcolm Rifkind) and my hon. Friends the Members for Banbury (Tony Baldry), for Esher and Walton (Mr Raab), for Gillingham and Rainham (Rehman Chishti), for Oxford West and Abingdon (Nicola Blackwood), for Tewkesbury (Mr Robertson), for Ealing Central and Acton (Angie Bray) and for Witham (Priti Patel); from the Labour party, the hon. Members for Bassetlaw (John Mann), for Vauxhall (Kate Hoey), for Hampstead and Kilburn (Glenda Jackson), for Worsley and Eccles South (Barbara Keeley), for Islington North (Jeremy Corbyn)—he is in the Chamber—for Wolverhampton North East (Emma Reynolds), for Leeds North East, for Glasgow North East (Mr Bain) and for Scunthorpe, all of whom I am happy to call my hon. Friends; and from the Liberal Democrat party, my right hon. Friend the Member for Carshalton and Wallington (Tom Brake), my hon. Friend the Member for Cambridge (Dr Huppert) and my hon. Friend the Member for Cheltenham (Martin Horwood). There is a real desire in this place to try to make progress.

I want to end by making some suggestions to the Minister on ways in which we might be able to take on the debate and to influence the outcome. We must try to

persuade the Chinese that it is in their interests to deal with the issue because it clouds and affects all the perceptions of China in the democratic world.

Cathy Jamieson (Kilmarnock and Loudoun) (Lab/Co-op): When we spoke to Tibetans in exile, we heard that they believed that if ordinary people in China had the information, many of them would take a different view of what should be happening. Does the right hon. Gentleman agree that the same applies to the Chinese community here? I wonder whether work should be done to engage with various key people in the Chinese community in the UK.

Simon Hughes: My hon. Friend is absolutely right. The Avaaz petition, which today has 665,260 signatures, says:

> "People from all over the world call on you to: investigate and stop the Tibet crackdown".

It says to our Prime Minister:

> "A rising number of Tibetans are taking their lives through self immolation in a desperate cry to the world to stop the escalating Chinese crackdown. As shocked citizens, we call on you to urgently send an independent high-level mission to the area...to speak out against the ongoing repression. Only coordinated and swift diplomatic action can stop this crisis."

I am sure that both at home and abroad people of Chinese origin share exactly that view. Sadly, many of them in China do not know what is being done in their name.

Jeremy Corbyn (Islington North) (Lab): Will the right hon. Gentleman give way?

Simon Hughes: I will give way once more. I am conscious that the Minister needs time to respond.

Jeremy Corbyn: I apologise for only having just arrived. The right hon. Gentleman has taken this case up many times, and I congratulate him on that. Does he agree that it is deeply disturbing that a culture, language and whole way of life is being systematically destroyed in Tibet? The rest of the world is at last beginning to understand that, and that message must get through to the Chinese Government.

Simon Hughes: I agree, and I pay tribute to my hon. Friend, who is good at arguing such cases. That proud, historic nation has culturally contributed hugely to the world. It would be a tragedy if we did not manage in our lifetimes to give it the opportunity to do so again.

I have a shopping list, which degrades the matter, but I will put the items on the table. We could argue that there should be permission for the Red Cross or a similar organisation to be allowed regularly into Greater Tibet to ensure that there is independent monitoring of what is going on. We must argue that people must be allowed to teach the Tibetan language in schools in Tibet, and to speak it when they want to so that they can be brought up speaking their own language and understanding their own culture.

I hope that our Government will keep on raising the issue of the Panchen Lama, the Dalai Lama's heir, who has been captured and has disappeared with his family. No one has owned up to his whereabouts, or to what is being done to secure his freedom and his ability to be where he wants to be with his family.

I hope that the Government will strongly take up the issue of self-immolation with the Chinese authorities, and make a robust statement of concern about that. I hope that they will argue that troops should be withdrawn from Kirti and the monasteries where such things are happening and that the Chinese Government should review their policies. I hope that our Government will raise concerns not just in general with the Chinese authorities, as they have been doing, but with the Chinese Ministry of Religious Affairs. I understand the diplomatic difficulties, but the Government should ensure that the lines of communication are open to the Tibetan Government-in-exile. Of course, Governments do not recognise Governments-in-exile, and our Government do not, but we need to ensure that we understand the democratically represented voices of the Tibetan people.

I want to make two other calls that are not to the Government. The faith leaders of the world should step in and engage themselves. The Christian communities in this country—the Anglicans, the Roman Catholics and the Free Churches—and the Hindus, the Sikhs, the Buddhists and the Muslims need to speak up for other people of faith who are not allowed to practise their faith.

Finally, I hope that the House can play another role. With two colleagues, I co-chair the all-party group on conflict issues, and I hope that we will soon engage with this issue and invite the Chinese Government's representatives to come and talk here. The issue must be negotiated peacefully. I hope that that can be done, and done soon. There have been too many deaths and too many injuries, and there has been too much oppression. The Chinese must understand that it is in their interests to move on and to give greater autonomy to Tibet—and the sooner, the better.

4.19 pm

Sitting suspended for a Division in the House.

4.34 pm

On resuming—

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Mr Henry Bellingham): On a point of order, Mr Gale, what time will this debate finish?

Mr Roger Gale (in the Chair): At 4.45 pm.

Mr Bellingham: I congratulate my right hon. Friend the Member for Bermondsey and Old Southwark (Simon Hughes) on securing this important debate, and I pay tribute to him for a committed, well researched and well informed speech. I also thank the hon. Members for Scunthorpe (Nic Dakin), for Carmarthen East and Dinefwr (Jonathan Edwards), for Kilmarnock and Loudoun (Cathy Jamieson) and for Islington North (Jeremy Corbyn) for their contributions.

The Government are seriously concerned about recent reports of self-immolations among nuns in the Tibetan areas of Sichuan province. We have closely followed those reports and other developments in the region. Let me describe the situation as it stands today. We are aware of 11 confirmed instances of monks and nuns in

[Mr Bellingham]

the Tibetan areas of Sichuan province who have self-immolated since March, and we know that four of those people died. We are aware of reports of a number of other attempted self-immolations, including one within the Tibetan autonomous region on 1 December, although those have not yet been confirmed.

The incidents began with the self-immolation on 16 March of Phuntsok, a monk at the Kirti monastery in Aba county, Sichuan. His immolation sparked a number of demonstrations and protests in the area, which by 12 April had led to a stand-off at the Kirti monastery between locals and monks on the one hand and Chinese security forces on the other. That ended on 21 April, when about 300 monks were removed from the monastery by the security forces. Their location and legal status has not been confirmed by the Chinese Government. Six of the 10 subsequent immolations have been by monks, or former monks, linked to the Kirti monastery.

We understand that there continues to be a high security presence at the monastery, and that a significant number of its monks have been dispersed away from the monastery grounds. The other immolations have been by two nuns, one in Aba county and the other in Daofu county, and two monks, one in Daofu county and one in Ganzi county—all in Sichuan province.

The Dalai Lama has made several public statements about the immolations, which he has said are the result of human rights violations caused by discriminatory Chinese policies in the region. The Chinese Government, on the other hand, have stated that the immolations are "politically motivated", and that the Tibetan community in exile should be held responsible.

I assure my right hon. Friend, and other hon. Members, that the Government have been following developments closely. In terms of making a strong statement, as recently as 29 November my right hon. Friend the Foreign Secretary said that we should urge the Chinese Government to work with local monasteries and communities to resolve the grievances that have led to these self-immolations.

Furthermore, during his visit to China in November, my hon. Friend the Member for Taunton Deane (Mr Browne), the Minister of State, raised his concern about the immolations with Fu Ying, the Chinese Vice Foreign Minister. He also wrote to the Chinese ambassador about the situation at the Kirti monastery, asking for information and calling for restraint. Officials have raised their concerns with the Chinese embassy in London and with the Ministry of Foreign Affairs in Beijing.

At the 17th session of the UN Human Rights Council in June this year, the EU issued a statement calling on the Chinese authorities to refrain from the use of force in dealing with the situation at the Kirti monastery, and to allow independent observers on to the site. British embassy officials have kept in frequent contact with the Foreign Affairs office in Sichuan and with local public security bureau offices, regarding access to those areas.

British diplomats were able to access neighbouring Tibetan areas in October, but we understand that access to the Kirti monastery remains severely limited. I assure my right hon. Friend that we will continue to urge the Chinese authorities to allow access to Tibetan areas for foreign diplomats and journalists, just as we will continue on a regular basis to raise the case of the Panchen Lama.

I wish to say something about the dialogue between China and the Dalai Lama. Let me be explicit: the UK regards Tibet as part of the People's Republic of China and, as my right hon. Friend recognised, this Government's position is consistent with and identical to that of the previous Government. All our international partners adopt a similar stance. Our interest, however, is in long-term stability for Tibet, and we believe that that is best achieved through respect for the universal principles of human rights, and genuine autonomy for Tibet within the framework of the Chinese constitution. We believe strongly that meaningful dialogue between the Dalai Lama's representatives and the Chinese authorities is the best way to resolve those issues.

The last round of talks was held in January last year. No substantive progress has been made for several years. We appreciate that reaching a compromise is not easy and is likely to require sacrifices and risks on both sides. UK Ministers and officials have regularly encouraged both parties to engage in meaningful direct dialogue without preconditions. I certainly agree with the point made by my right hon. Friend the Member for Bermondsey and Old Southwark and other hon. Members that the people of Tibet are peaceful. They preach non-violence and they want dialogue above all else.

I should like to say a few words about the wider situation in Tibet. The Foreign and Commonwealth Office online human rights Command Paper, updated quarterly, provides regular updates on the situation in Tibet and makes it clear that we remain concerned about the rights and freedoms afforded to the Tibetan people.

I should like to begin this part of my speech by discussing political prisoners in Tibet. It goes without saying that the imprisonment of people for exercising their political, cultural and religious rights is completely unacceptable. The Government have lobbied the Chinese Government regarding a number of individuals, including Dhondup Wangchen, who was arrested in 2008 for filming a documentary recording the reactions of ordinary Tibetans to the Olympic games. We have serious concerns about the health and treatment of Dhondup in prison.

Those individuals also include the brothers Karma Samdrup and Rinchen Samdrup, imprisoned in 2009 and 2010. We have very serious concerns about the manner in which charges were brought against those men and about the reports that they have suffered serious mistreatment and torture while in detention. We are committed to supporting efforts to prevent torture around the world. We will continue to advocate the view that independent oversight of prisons is important to maintain prison standards and to prevent the mistreatment of prisoners.

Freedom of religion in Tibet is a particular concern. We believe very strongly that ordinary Tibetans must enjoy the right to live according to their traditions and customs. Political controls and restrictions should not be placed on normal religious practice. Monks, nuns and lay people should be completely free to manifest their beliefs without interference from the state.

We also believe that the languages of minority groups should be actively provided for, particularly in education and employment policy. China's laws make it clear that

its minority groups should have the freedom to use and develop their own spoken languages. However, given the lack of qualified teachers and appropriate teaching materials, access to education in the Tibetan language can be severely limited, particularly at secondary and tertiary levels. Those issues were a focus of the UK-China human rights dialogue earlier this year. My right hon. Friend referred to that dialogue, and we regard it as a very important part of our bilateral relationship.

Of course, we welcome the huge investments that the Chinese Government have made in Tibetan areas—they amount to many billions of dollars a year—but we hope that everything possible can be done to ensure that the economic development of Tibet benefits the native population. Education is part of that; so, too, is ensuring that rural communities benefit as much as urban ones. Consultation and dialogue with local groups is also vital.

Let me say a few words about Tibet's environment. Tibet has a unique natural environment, which should be carefully protected. We hope that the Chinese Government will respect the knowledge and livelihood of local herdsmen and farmers within that protection, rather than trying to move them away from their ancestral homes. Those groups have managed the land for generations and have a real contribution to make in ensuring that development in Tibet is sustainable.

In addition to the actions that I have mentioned, Ministers have regularly raised with China at the highest political levels our concerns about aspects of the human rights situation in Tibet. We have raised individual cases of concern with the Chinese Government. We have pursued the discussions through our bilateral dialogue with China on human rights and through programmes funded through non-governmental organisations and research institutions. The last round of our human rights dialogue included, for example, an expert workshop on minority rights and languages—an area of particular relevance to Tibet. I make the commitment that, following this debate, the Government will write again to the Chinese authorities to express our concerns about the issues raised here and to urge a return to negotiations with the Dalai Lama's envoys.

To sum up, the Government are actively engaged both on the issue of immolations in Tibet and on the broader issue of human rights there. The Foreign Secretary has recently said that

"human rights…are part of our national DNA".

I thank my right hon. Friend the Member for Bermondsey and Old Southwark for raising this issue and giving me the chance to explain the Government's position. I hope that he accepts that we are actively engaged and will continue to push for the respect of Tibetan human rights and the protection of the culture, natural environment and dignity of the people of Tibet. They deserve nothing less.

Trident

4.44 pm

Jeremy Corbyn (Islington North) (Lab): I am pleased that you are chairing the debate, Mr Gale, and that we have secured it. I regret that it will be only 30 minutes long, but we will do our best. A number of hon. Members want to intervene during my contribution, and I will be happy to take all those interventions, including from the hon. Member for New Forest East (Dr Lewis), who possibly will not agree with one word of what I am about to say. If he can just contain his disagreement until he reaches an appropriate point of disagreeability, I will happily give way to him.

First, I should declare an interest in the debate. I am chair of the parliamentary CND group and vice-chair of the Campaign for Nuclear Disarmament at national level. I have to confess to having first joined CND at the age of 15, and I remain a member, so it is a very short membership that I have had.

The subject of the debate is the cost of the Trident nuclear missile and submarine replacement. This is an issue of parliamentary accountability, costs and, of course, the relationship between vast levels of defence expenditure and our foreign policy. Huge numbers of figures can be cited, and I will cite some. Main-gate consideration of the replacement of the whole system has been delayed until 2016. By that stage, £4 billion will have been spent on the concept and assessment phases of the replacement submarine and £500 million on ordering long-lead construction items. Plans have recently been announced for spending of £2 billion at the warhead facility at Atomic Weapons Establishment in Aldermaston. That coincides with the suggestion in the recently available redacted value for money review that a decision will be taken on the warhead much sooner than previously anticipated.

This debate is therefore designed to point out the amount of money being spent, but also to ask very serious questions about when Parliament will be effectively able to scrutinise what are massive levels of expenditure on a weapon of mass destruction.

Dr Julian Huppert (Cambridge) (LD): I congratulate the hon. Gentleman on securing this much needed debate. He talked about the 2016 main gate. Will he welcome the fact that that has now been delayed until after the next election and that that gives his party an opportunity to take the same view that he and I share about whether it would be desirable to go ahead with the main gate at all? Perhaps even the Conservatives might join us in a triumvirate of sense.

Jeremy Corbyn: I would be happier if we killed off the whole project straight away—but I suspect that that might not happen.

I also draw to the House's attention the fact that the Secretary of State for Defence has announced that he has no plans to publish the Trident alternatives review, which was commissioned to please the Liberal Democrats, who went into the last election promising not a like-for-like replacement of Trident, but something different. We do not know what that something different might be. The review will not be published, which is astonishing. I hope that, when the Minister replies to the debate, he can explain why that is the case.

Tessa Munt (Wells) (LD): As a Liberal Democrat, I remain absolutely committed to my belief that this is a ludicrous waste of money. I am boiling with anger at the fact that, despite an alternatives review having been commissioned, it will not be published. There is no basis for not publishing it so that people can at least consider the alternatives, although my personal preference is as I have stated. Does the hon. Gentleman not agree?

Jeremy Corbyn: I thank the hon. Lady for her intervention and the hon. Member for Cambridge (Dr Huppert) for his. They are both very sincere and very honest on the whole issue.

Tessa Munt *rose—*

Jeremy Corbyn: I understand that the hon. Lady is boiling with rage. I, too, am boiling with rage, so we will boil together.

Tessa Munt: I apologise for not having declared that I have membership of CND at Mid Somerset level and I am vice-chair of that organisation. I should have said that earlier.

Jeremy Corbyn: I know from long experience with CND that nothing to do with CND can be counted as a pecuniary interest. Absolutely no one has ever made any money out of being a CND member. There is nothing financial to be declared, so I set the hon. Lady's mind at rest. I thank her for her support and membership of CND and for the sincere work that she has done for a long time to try to rid the world of nuclear weapons.

Estimates of the cost of designing and constructing the Trident submarine replacement programme have grown significantly this year, with the MOD publishing figures in the May parliamentary initial gate report that represent a doubling of those in December 2005. The estimated submarine replacement cost has increased from between £11 billion and £14 billion to £25 billion. In addition, the Ministry recently announced significant spending plans for new warhead facilities at Aldermaston, despite officially not planning a decision on replacing or refurbishing the warhead until the next Parliament. That is the question.

The Parliamentary Under-Secretary of State for Defence (Peter Luff) *indicated dissent.*

Jeremy Corbyn: The Minister shakes his head. It is his head, and he is allowed to shake it, but I hope that when he replies, he will be able to explain why Parliament has not been consulted on spending £2 billion on the Atomic Weapons Establishment in Aldermaston. If my figures are wrong, I am sure that he will put them right—that is the whole point of a parliamentary debate and of parliamentary scrutiny.

As I have said, the new figures announced this year for spending on replacing Trident are going up. The submarine will cost around £4 billion before the construction decision. As I understand it, it will cost £900 million on the concept phase before initial gate, which is from 2007 to 2011; £3 billion on the assessment phase between initial gate and main gate; and £500 million on long-lead items for construction. That will put the cost of the submarine replacement programme prior to main gate somewhat higher than what was spent on the Nimrod programme, which was cancelled in October 2010 after £3.4 billion had been spent on it.

Quite simply, we are moving to an enormous expenditure before a parliamentary vote in, presumably, 2016 or whenever, when all of us might still be Members of Parliament—or when none of us are. There will be a new Parliament, and a different Parliament will make that decision. I could write the speech for the Minister or his successor now. It will say, "We do not want to do it, and we do not like it. It is not good, but we have already spent so much money that it would be a shame to waste it."

Caroline Lucas (Brighton, Pavilion) (Green): Does the hon. Gentleman agree that the eye-watering figures that he is describing are of concern not only to some of the CND stalwarts in the Chamber today—myself included—but to those who care about the MOD's equipment budget, given that all that will amount to around 30% of the budget over the 2020s?

Jeremy Corbyn: I am grateful to the hon. Lady for her point. Not only is she a CND stalwart, but she has great responsibility, for she is a member of the CND national council, as I am. I am pleased that she is a member as well. She is quite right—many in the defence community express horror at equipment shortages of all sorts, the privatisation of air and sea rescue, and all those kinds of things that are planned, while at the same time someone is going ahead and planning to spend and spend on replacing Trident, a massive vanity project; that is what it is. It does not seem to bear any relation to any foreign policy strategy or to British membership of the nuclear non-proliferation treaty, which requires clearly under article 6 that the five permanent members of the Security Council, which are also the five declared nuclear weapon states, take steps towards nuclear disarmament. Britain is not taking steps towards nuclear disarmament—it is reducing the number of warheads, but the capability is to be increased. Any Government, whether this one or a future one, could increase the number of warheads.

When the National Audit Office looked at the matter recently, in November this year, it cited problems with the Astute class submarines currently being built. They are now expected to cost £6.67 billion, a full £1.47 billion more than anticipated when the project was approved. Apparently, it is also running five years and one month late. Also, a report, "Looking into the Black Hole", states that

"spending on the successor programme will rise sharply, probably reaching a peak of around 30% of the new equipment budget by 2021-22 or 2022-23"—

exactly the point made by the hon. Member for Brighton, Pavilion (Caroline Lucas)—

"when the first-of-class begins production. It is likely to remain close to this level until after the planned delivery of the first submarine in 2028."

I want to turn to the issue of transparency—

Dr Julian Lewis (New Forest East) (Con): Will the hon. Gentleman give way?

Jeremy Corbyn: There is no finer person to be transparent than the hon. Gentleman.

Dr Julian Lewis: I know that I am going to get one shot at this, and I thank the hon. Gentleman for his great courtesy. I would like to remind him that there was a parliamentary debate and a vote in, I think, the spring of 2007. It is not as if Parliament has not had one vote on the matter, and it will have another one. Does he agree that the cost overrun for the Astute class submarine was so great because of the gap that had been allowed to develop between the completion of the nuclear deterrent submarines of the Vanguard class and the initiation of the Astute class? By ensuring that the next generation of boats follow closely on from the Astute class, any such increase should be avoidable. There is precedent for that, because both Polaris and Trident came in on time and on budget.

Jeremy Corbyn: There is a precedent for this debate, which was the full debate that was held four years ago in 2007, in which a significant number of MPs from my party—100—voted against the replacement of Trident. Every other debate was initiated by Back Benchers, some of whom are present today. That is the function of Parliament, and I hope that, when the Minister replies, he will be able to assure me that there will be regular statements to update Parliament.

John McDonnell (Hayes and Harlington) (Lab): There was a debate in 2007, which arrived at a vote—that is true. However, is it not true that, in every debate that we have had, the figures on the speculative development have gone up rather than down?

Jeremy Corbyn: Indeed. One of the facts of life is that for anything to do with nuclear weapons, nuclear equipment, AWE Aldermaston or submarines, the price goes up and up, whatever else happens.

The Liberal Democrats have called for a Trident alternative review—that is fine. The Secretary of State announced that the review will take place, fulfilling the coalition agreement by

"assisting the Liberal Democrats to make the case for alternatives."

However, on 21 November, he said that he had no plans to publish the review. He said:

"In looking at alternative systems and postures, the review draws upon highly classified technical, intelligence and policy information covering extremely sensitive national security issues. There are, therefore, no plans to publish either the report or the information it draws upon."

Regarding providing information for MPs to scrutinise the Trident replacement programme, the Secretary of State stated that he

"intends to provide an annual update to Parliament; the first of these was produced for the Initial Gate announcement in May of this year. The precise format and timing of subsequent statements is yet to be decided."—[*Official Report*, 21 November 2011; Vol. 536, c. 34W.]

Today, the Prime Minister made a written ministerial statement on defence issues, called, "Strategic Defence and Security Review: First Annual Report". It states:

"In addition, to assist the Liberal Democrats make the case for alternatives to the Trident system, the Government initiated a study into the costs, feasibility and credibility of alternative nuclear deterrent systems and postures. Progress has also been made on implementing the new nuclear assurances policy and the reduction in our nuclear weapon stockpile to no more than 180 warheads, both commitments set out in the SDSR."

I find it strange that the Secretary of State would say that we in Parliament are not equipped to know the basis on which an alternative is being looked at. We are not allowed to see the information, because apparently it is all classified. We therefore assume that the alternative is simply never going to see the light of day. Despite the valiant efforts of a number of Liberal Democrat MPs to get that, on the Floor of the House, it will be extremely difficult. The Minister must explain exactly why Parliament is not equipped to know why such vast levels of expenditure are going ahead, and why an alternative is not going to be published.

Tessa Munt: I am sure that the hon. Gentleman will agree that the Minister will have to explain that in that case—it would seem to me—the costs are not known, and it is neither feasible nor credible for us to have the particular scheme.

Jeremy Corbyn: Absolutely. If we do not know the cost, if we do not know what the alternatives are and if we do not know the foreign policy considerations surrounding the alternatives, we move into the era—once again—where the Ministry of Defence basically does what it likes and Parliament endorses it at some later stage. So we are moving—sleepwalking, actually—into a massive level of expenditure. Never mind whether people like or dislike, agree with or disagree with, nuclear weapons—is that really a sensible way for this country to go headlong into spending £100 billion?

Eric Joyce (Falkirk) (Lab): Does my hon. Friend think that, when the Government committed themselves to a review, they must have known what the nature of the review was going to be, so they must also have known at the time that they were never going to make the review public?

Jeremy Corbyn: Presumably, there were discussions in the MOD about exactly what the terms of the review would be, who would contribute to it and what desk research would be done. The MOD must have also decided, "Well, we're not going to publish it anyway, so it doesn't really matter what's in it." If I were a Liberal Democrat MP—I am not one, I have no intention of being one and I do not think that I ever will be one, so I am talking about a purely hypothetical situation—I would be very angry about that because, having negotiated that review into the coalition agreement, the Liberal Democrats are now being told that they are not even allowed to know what is in it.

Before I give the Minister sufficient time to reply—I am sure that he will be happy to take even more interventions than I have—I have a few questions to put to him. If the current Government are re-elected in 2015, will they provide a parliamentary vote on the Trident main gate? When will the format and timing of the annual update statements be decided, and what is the reason for delaying an announcement on those statements? To their credit, the Government have produced quarterly statements on the situation in Afghanistan, and frequent statements on the situation in the middle east and north Africa. I welcome those statements; they show openness, which is good. Consequently, those of us who take those matters very seriously can question the Foreign Secretary and the Secretary of State for Defence on them regularly in Parliament, and we know

[Jeremy Corbyn]

when those opportunities are coming up. That is what Parliament is for and that is the right way of doing things. The expenditure on Trident is so massive, the decision on Trident is so huge and the implications of Trident are so enormous that we need something more than an annual statement about it to Parliament. We need at least a quarterly statement on Trident from the Secretary of State for Defence.

My two final questions to the Minister concern work at Aldermaston, because it seems to me that there is something very murky going on at Aldermaston—something very murky indeed. A huge amount of money is being spent there and, as I understand it, a lot of preparation is being made there for warhead production. So we need to know what the nature of the work is to inform decisions on design of a successor warhead—work that is currently under way—and how much money is due to be spent on those studies in the current comprehensive spending review period? Also, what are the costs of the nuclear weapon sustainability programme at Aldermaston, and will the Minister make those costs public?

I will conclude with this point—I have set out my position absolutely clearly. I believe that nuclear weapons are immoral and wrong, and we have huge obligations and huge opportunities through the nuclear non-proliferation treaty, not only to rid ourselves of nuclear weapons but to promote a nuclear weapons convention that would bring the non-declared nuclear weapons states—Israel, India, Pakistan and North Korea—into the discussions about ridding the world of nuclear weapons altogether. If we are serious about going down that road and achieving a nuclear-free world, we have to do something about it and set an example. It is a pretty strange example to deny Parliament the opportunity to discuss Trident in detail, so that it can know the expenditure involved, and to commit ourselves to this vast expenditure on a weapon of mass destruction that—if ever used—will indiscriminately kill millions of people on this planet. As I have said, nuclear weapons are immoral, wrong and dangerous, but we have a right to know the levels of expenditure on them. I hope that this debate is the start of many debates on this subject. Many of us who are committed on this subject will keep on raising it, so that we know the truth about the amount of money that this country is spending on weapons of mass destruction.

5.3 pm

The Parliamentary Under-Secretary of State for Defence (Peter Luff): Mr Gale, without wishing to trivialise this very important subject in any sense, I had intended to begin my remarks by a reference to that famous line of Captain Louis Renault about rounding up the usual suspects at the end of "Casablanca", but the number of usual suspects seems to have expanded today to a rather larger number than I had expected. I had imagined that only the hon. Member for Islington North (Jeremy Corbyn) and my hon. Friend the Member for New Forest East (Dr Lewis) would be in Westminster Hall today, but I welcome the larger group of actors.

I am delighted to be in Westminster Hall once again to explain to the hon. Member for Islington North why we are right to proceed with our plans to maintain the security of our nation and why I think that he made a number of serious misinterpretations of the facts—let me put it that way—during his speech.

The Government have been clear that the safety and security of the UK is our first priority, and although we are facing difficult economic circumstances and a challenging inheritance from the previous Administration, our security must be seen as a long-term issue.

At the outset and on behalf of the whole House, I want to pay tribute to the professionalism of all those Royal Navy and civilian personnel who answer this country's call to operate and support this vital national capability. Having visited HMS Vanguard at sea and HMS Vigilant in refit, I have met some of our dedicated service personnel who support Operation Relentless, which is the UK's mission to maintain continuous at-sea deterrence. I was deeply impressed by their commitment and I am very grateful to them; I think that we should all be grateful to them. It is important that hon. Members remember that, even as we speak, those men are out there somewhere in the oceans providing Britain's ultimate national security guarantee. They and their predecessors have maintained a 42-year unbroken chain of continuous at-sea deterrence, keeping all of us and our allies safe.

In many respects, we face a more dangerous situation now than we have done for several decades. There are substantial risks to our security from emerging nuclear weapons states. Consequently, although we are committed to the long-term goal of a world without nuclear weapons, as we all are in this place, we believe that we can best protect ourselves against those threats by the continued operation of a minimum, credible nuclear deterrent. *[Interruption.]* Others might find that funny, but I do not find it funny at all. Maintaining that deterrent is a very serious judgment that is shared by all three major parties in the House. It is important to remember that the alternative study, which I will return to later, which has been promised to the Liberal Democrats and which is proceeding, only considers the delivery platform and not the alternative to a minimum credible national deterrent programme. All three major parties are committed to such a programme.

The UK has a strong record on nuclear disarmament. We have continued to work with other nations to achieve our goal of a world without nuclear weapons. In addition to the well-documented commitments in the strategic defence and security review, I draw the attention of the hon. Member for Islington North to the statement in June that we have already begun to implement the reduction in warheads that are carried on our submarines. In addition, earlier this year, the permanent members of the UN Security Council met in Paris to take forward the action plan from the 2010 non-proliferation treaty review conference. We agreed to work together on a number of initiatives and Britain has taken the lead by agreeing to host a meeting in early 2012 to discuss the lessons that have been learned from our bilateral work with Norway on the verification of nuclear weapon dismantlement.

Having set out the Government's fundamental policy, I want to address one further issue before I turn to the specific details of Trident's costs. One theme that frequently emerges—it emerged again today in the hon. Gentleman's speech—is the engagement with Parliament on the replacement of the nuclear deterrent. The hon. Gentleman's colleagues in CND often accuse the Government of having a culture of secrecy with regard to the deterrent.

Clearly, there are aspects of the programme that are sensitive and that must remain classified for national security purposes. I will also discuss the Trident alternative study in that regard. The Government have received many requests, including from the hon. Gentleman in his speech, for information on the Trident alternatives study. The nature of that study, which is led by the Cabinet Office, requires highly classified information to be analysed. Indeed, only a small number of people in my Department and in the Cabinet Office can see that information. Therefore, Members will appreciate that we will not be able to publish the study itself, as doing so would be irresponsible and put national security at risk.

No decisions have yet been taken about what it might be possible to say without compromising national security, and as the report to the Prime Minister and the Deputy Prime Minister will not even be concluded until late 2012 or early 2013, it would be premature at this stage to commit to any specific course of action; for that reason, I will not be doing so today. I have no doubt that the public would understand that we want to take great care of those secrets, but we have nothing to hide except that which it is essential to hide for national security. Where we can, we have explained as clearly as possible what we are doing and why we are doing it, and I will do so yet again today for the hon. Gentleman's benefit.

Dr Julian Lewis: Before my hon. Friend the Minister moves on to the question of costs, I want to make a point about the alternative study. In response to the hon. Member for Islington North (Jeremy Corbyn), who has secured this debate, it is presumably reasonable to assume that, at the very least, a list of those alternatives to Trident that were considered and dismissed, as well as a rough idea of the reasons why they were dismissed, will be published even if technical details cannot be released. Does the Minister accept that, when the hon. Gentleman talks about nuclear weapons killing millions of people if ever used, surely the response is that they are being used every day, because their use lies in the prevention of the use of similar weapons against this country and our interests?

Peter Luff: I note my hon. Friend's powerful argument. I am sure that it will be borne in mind closer to the time, but at present I can make no commitment about what will happen at the end of 2012 or in early 2013, when the report is due to conclude.

I note that this is the third time that I have debated this issue in this place. We also covered the topic extensively during the strategic defence and security review debate last year. Since assuming Government, my Ministry of Defence ministerial colleagues and I have answered about 180 parliamentary questions on nuclear issues, not to mention a significant amount of public correspondence. In May this year, we published a comprehensive report on the initial gate decision for the successor submarine. We have recently repeated an earlier commitment to make an annual statement on progress to Parliament, and I think that that frequency strikes the right balance. We have published the costs of various aspects of the nuclear programme, such as the Atomic Weapons Establishment, on numerous occasions. Moreover, in May last year, we announced for the first time the overall size of our nuclear warhead stockpile, giving the deepest ever transparency of our nuclear capability. That is hardly a culture of secrecy or sleepwalking.

Jeremy Corbyn: I am not quite sure why the Minister is getting into such a bad mood about Parliament asking questions to the Ministry of Defence. That is what Parliament is for; it is why we are here. Will he give us an accurate estimate of how much will be spent on the whole programme, on the initial gate and on the Atomic Weapons Establishment at Aldermaston, before any decision is made in Parliament in 2016? Can he not revisit the idea of a quarterly statement on the vast expenditure that is going on?

Peter Luff: It is my intention to do that, but I am conscious of the time. I hope to be able to answer all the hon. Gentleman's questions.

I should now like to turn to the specific costs of the current and future deterrent programmes. The simple fact is that being a responsible nuclear weapons state requires investment. Submarines and their ballistic missiles and nuclear warheads are extremely complex and require considerable skill and expertise to design, maintain and operate safely, and I make no apology whatsoever for taking seriously our responsibilities for the safe custody of these systems, nor for spending the money needed to do that. That is not to say that we have not closely scrutinised the costs of the programme. Indeed, Members will be aware that we announced last year as part of the SDSR a number of measures to do just that.

I should like to dwell briefly on the different elements of the nuclear deterrent programme. The White Paper highlighted three key areas: the platform, the infrastructure and the warhead. At 2006 prices—I emphasise that it was at 2006 prices—the Department estimated that the platform would cost between £11 billion and £14 billion, and each of the other two elements would cost between £2 billion and £3 billion. Separately, there are also the costs of maintaining and running the in-service deterrent—what we have at present—such as the facilities at the Atomic Weapons Establishment, which I will come to later.

If I may start with the platform—the boats—earlier this year "The Initial Gate Parliamentary Report" stated:

"assuming a four boat fleet, the replacement submarines will remain within the £11-14Bn estimate."

We made it clear in the report and, indeed, in the White Paper itself that those values are at 2006-07 constant prices, and the report also indicated that, when we take into account inflation, the costs equate to £25 billion. Costs have simply not doubled, as reported on CND's website; that is wrong. This misreporting of the true position is extremely misleading. Of the £25 billion, we expect to have spent £3.9 billion by main gate. That includes the costs of the concept and assessment phases, and the majority of that work is in the maturation of the design.

With regard to long-lead items, we have been clear that we have minimised spend as far as possible. Over the coming years, we will place orders for different specialist items, which take a number of years to be delivered, totalling some £500 million. That is just 2% of the total purchase cost. We plan to place the order

[Peter Luff]

for the specialist high-grade steel only in 2014, so that it is ready for manufacture and cutting in 2016 after the main investment, or main gate, decision. We will not procure any items for the fourth boat until 2016, when the build decision is made. Any accusation that, by purchasing those items, we will be locked into a particular strategy before main gate in 2016 is simply wrong. The simple fact is that these highly specialised components take time to be delivered. Identifying long-lead items is part of any well-run programme, and nothing that we are doing will prevent us from being able to make the right decision in 2016. I should like to explore that at more length, but I am conscious of the time.

With respect to infrastructure, the value-for-money review concluded that no significant investment was needed in the immediate future. To study the infrastructure requirements in detail, we will spend about £8 million over the next three years and will continue to look for opportunities to drive down running costs and the need for any new investment. Despite being at an early stage of the programme, we still expect to meet the White Paper estimate of between £2 billion and £3 billion.

On the third element, my attention was drawn recently to speculation that implied that we had already spent at least £2 billion on a new warhead. That is simply not true. We are investing at the Atomic Weapons Establishment to ensure that we sustain the capabilities that we need to maintain the current stockpile. It is true that that will give us the capability that we need to design and produce a new warhead if and when required, but that is not the purpose of the expenditure. We will take the appropriate decisions at the right time, and Members will recall the commitment in the SDSR not to take any decisions on a new warhead until the next Parliament. We expect a replacement warhead to meet the White Paper estimate of between £2 billion and £3 billion.

5.15 pm

Sitting adjourned without Question put (Standing Order No. 10(11)).

Westminster Hall

Thursday 8 December 2011

[Mr Andrew Turner *in the Chair*]

BACKBENCH BUSINESS

European Council

Motion made, and Question proposed, That the sitting be now adjourned.—*(Mr Dunne.)*

2.30 pm

Mr Bernard Jenkin (Harwich and North Essex) (Con): It is an unexpected pleasure to be opening this debate, and also that it is taking place at all. We should, of course, have a full-day's debate in the main Chamber in advance of a summit of the importance of the European Council summit that is about to take place. Under the previous arrangements there would have been such a debate, but the Government somehow do not seem able to provide for one under the new arrangements. Nevertheless, it is a great honour for me to have been given the responsibility to set out what many of us feel should be addressed at the forthcoming summit.

There is no doubt that this is a momentous moment in the history of Europe, and you do not need to take my word for it, Mr Turner. Speaking in Toulon last Thursday, President Sarkozy of France said Europe must be "refounded", and he is talking today about the crucial historic moment of this summit. I think he is upping the ante a bit, perhaps unnecessarily, because no treaty will be signed at the summit. The participants will merely be agreeing issues in principle, and there will be long and arduous negotiations about the treaty text before anything is signed. In her speech to the Bundestag last Friday, Chancellor Merkel of Germany said:

"We have started a new phase of European integration",

so the idea that nothing much of importance is happening in Brussels except trying to save the euro is a distortion.

The leaders of France and Germany came together on Monday to hammer out their vision, not just of how to save the euro but of the future of Europe. There will be only one real issue on the agenda in Brussels tomorrow: the final desperate act of European integration—fiscal union. In other words, the issue will be the formation of economic government of the 17. According to President Sarkozy and Chancellor Merkel in their letter to Herman Van Rompuy, this will

"need a renewed contract between the Euro area Member States".

The coalition agreement never envisaged confronting a major change to the EU treaties in this Parliament. The EU was meant to be off the agenda and, indeed, the leadership of the Conservative party deliberately downplayed the issue of Europe, both before the election and in the first part of this Parliament. The Government have, therefore, found themselves ill-prepared for this crisis.

Official rhetoric on the EU might have moved on a bit from the days of John Major, but the substance of policy remains remarkably similar. My right hon. Friend the Prime Minister now says that there should have been a referendum on the Maastricht treaty, but he has yet to criticise its substance. From today's perspective, does anyone seriously doubt that John Major should have vetoed monetary union? Maastricht also established the principle of the two-speed EU, with its dangerously comforting opt-outs. Subsequent treaties, not least the Lisbon one, have proved that two-speed, multi-speed, or whatever you want to call it, means only one federalist direction for the EU, with the UK having less and less influence, since opportunities for veto have been given away more and more. As a result, at this summit the UK is presented with the unenviable dilemmas of the forthcoming decisions. Once again, the UK is reacting to an agenda set by other member states, and Ministers are left managing what can be described only as a retreat. To cite another of the Prime Minister's phrases,

"we cannot go on like this."

The Prime Minister has made it clear that

"the bottom line for us is always what is in the interest of the UK",

and I agree, but what is the bottom line? In his article in *The Times* yesterday, the Prime Minister said that he was still committed to forging

"a new kind of Europe…a more competitive, dynamic and outward-looking Europe…a Europe that has the flexibility of a network, not the rigidity of a bloc. A Europe that looks beyond itself with its eyes to the horizon, and recognises that it must change fundamentally or fall behind. A Europe that cherishes its national identities as a source of strength."

Well, amen to that. I do not think that a single member of the Conservative party would object to that, or indeed that a single person in the country could. But we have heard this before. It is an echo of the previous Prime Minister's plea for a "global Europe". Tony Blair spoke of a Europe that is "democratic"—one thing that the eurozone will not be—and John Major spoke of a Europe that recognises that

"the nation state is here to stay".

These British visions of a different kind of EU have been proffered and offered to various EU summits down the decades, but they are not on the agenda of our fellow member states, or of the EU Commission and the other EU institutions. They never have been, and other member states are not spontaneously going to come round to our way of thinking. They are not interested in discussing those visions.

The Government say that they might veto the treaty changes discussed at the summit, unless the treaty has

"the right safeguards for Britain…around things like the importance of the single market and financial services".

It is very important that the Prime Minister has put that on the record, but it gives the lie to the idea that it is unthinkable for the UK to refuse to accept the EU's plans for fiscal union without making demands of our own. We are constantly being harangued by people, who say that if we are asking questions about the summit we must somehow want to wreck it, but the Prime Minister himself has offered the prospect of a veto, so they need to make that accusation to him as well, and of course that would be ridiculous. I commend the Prime Minister for making it clear that he will stick up for British interests.

[Mr Bernard Jenkin]

There is no need to delay ratifying treaty changes unless other member states object to the reasonable demands that the UK Government should make. Then it will be our European partners holding up the summit, not the UK. The UK must hold out for the fundamental change in our relationship with the EU that fiscal union will make indispensable. The Prime Minister reminds us what this is really about. It is about competitiveness, jobs and the growth of our own economy in the short, medium and long term. And, I have to say, I commend the words of the Deputy Prime Minister, who warned of the dangers of a huge "club within a club."

Yes, that is exactly the threat we are now facing. Our prosperity and competitiveness are already under constant attack from the burden of EU regulation, and the agency workers directive and the working time directive are typical of the costly and unnecessary regulations that destroy jobs. It is estimated that these two laws alone cost the UK economy £3.6 billion per year, and if we are not prepared to deal with that, we are not dealing with the problem we face. The British Chambers of Commerce calculate that the cost of additional EU regulation introduced between 1998 and 2010 is a staggering £60.75 billion. A recent Open Europe report entitled "Repatriating EU social policy: The best choice for jobs and growth?" has estimated that EU social law costs UK businesses and the public sector £8.6 billion per year.

This afternoon I wish to set out how the Government are asking us to believe two unbelievable things. The first is that a move towards fiscal union and even closer integration in the eurozone will not fundamentally alter the UK's relationship with the EU, and the second is that the best time for the UK to negotiate to repatriate powers will be not now but in a few years' time, after the changes in the eurozone have been made and by which time the eurozone crisis will supposedly have been settled. I will then set out what the UK must demand, and is entitled to demand, if fiscal union is to proceed, and finally I will explain why a referendum in the UK on the treaty changes will be desirable, necessary and probably inevitable.

First, fiscal union in the eurozone will utterly change the relationship with the EU, as it will fundamentally alter the nature of the EU itself. We will be linked by treaty to what will effectively be a new economic state, and we will be like a rowing boat dragged along in the slipstream of a supertanker. The EU will be dominated by a bloc of 17 euro countries with shared economic priorities and structures of government—that huge club within a club.

Social policy is just one area in which EU policy is operating contrary to the UK's national interest. Let us not forget, too, the direct financial costs of EU membership: a net contribution of £7.6 billion by the UK this year, a sum similar to the aid budget and equivalent to around a quarter of our defence budget. Let us remember that all those pressures on the UK arise from our existing terms of membership. That is how the EU institutions operate against our interests. If they are doing that now, what will it be like in future?

The reality of what is happening in the EU was very well set out in *The Spectator* today by my right hon. Friend the Secretary of State for Northern Ireland. He rightly warns that the EU17 is planning to become

> "a new and very powerful country which can dominate us"

through the existing treaty arrangements. The article continues:

> "His concern is that a fiscally united eurozone will spend as a bloc, tax as a bloc — and, when it comes to European summits, vote as a bloc."

As he is right to go on to say:

> "It is wholly unacceptable to have a new bloc in which we would be permanently outvoted... if they want to go ahead and form their new country, we want to get the power to run our country back."

Secondly, the Government are asking us to believe that we will have a better opportunity to discuss our fundamental concerns after the new EU treaty changes have been agreed and ratified, perhaps after another two or three years. Does anyone seriously believe that Germany and France would agree to that? What leverage would we have then? Why would they need to listen after we have already signed the new treaties? This is not only the best opportunity for us to renegotiate our terms of membership; it is likely to be the only one, short of taking unilateral action.

Let us, in passing, dispose of another myth. Unless all EU27 member states agree to those changes, there will be no fiscal union. Even a treaty of the 17 member states would need the support of all member states, or none of the EU institutions could be involved with the new proposed arrangement. That is why my right hon. Friend the Prime Minister was absolutely right when he stated in *The Times* earlier this week:

> "These institutions belong to all EU states".

We should not allow them to be hijacked by a wholly new organisation.

A treaty change through article 48 of the treaty on European Union—the internal treaty revision procedure—would still require ratification by the UK. Any agreement falling short of fiscal union that avoids treaty change, such as altering protocol 12, as proposed by Herman Van Rompuy in his report, "Towards a stronger economic Union" would still require the UK's approval at the European Council. There is, therefore, no way we can be bypassed if we place our demands on the table.

Far from it not being the time to renegotiate bringing powers back, this is the moment when we have the most leverage. We cannot afford to settle for another limited opt-out, safeguard, or protocol. That would not be the fundamental change that the Prime Minister and so many others say they wish to see. Things would simply carry on, but under the new arrangements, they would be worse.

What should the Government do now? A recent report by the TaxPayers Alliance, "Terms of Endearment", sets out a list of powers that it would be desirable to repatriate to achieve a satisfactory new relationship. They include business regulation, employment law, fisheries and agriculture, and immigration and taxation.

I also much admire the work being undertaken by the all-party group on European reform and the Fresh Start project, under the leadership of my hon. Friend the Member for South Northamptonshire (Andrea Leadsom). She is doing a great service for her country. That work certainly needs to be done, but as she acknowledges, it is detailed and complex, and it really would be unreasonable to embroil the EU machinery in such a breadth of contentious issues and in such legal complexity at this time. Attempts at this summit to

nibble at certain powers are bound to be disappointing, as opt-outs and protocols have so often been circumvented by the European Commission and the European Court of Justice in the end.

There is an emerging consensus among many Members of Parliament and elsewhere that we need a more straightforward solution. Some of us in the Fresh Start group agreed a mission statement earlier this year to help guide our work. It said:

"UK citizens want co-operation and free commerce with our EU partners, but a majority believes that too much power has been transferred to the EU without their consent; in areas ranging from policing to employment law, from Health and safety to immigration, our citizens want control over their own destiny. The euro-zone crisis has created an opportunity for a new relationship with our EU partners, in which the UK can take more decisions and Brussels fewer; this would be in line with the basic principle that the authority to pass laws should be democratically accountable to those who are affected by them".

That is relatively uncontentious; I do not see how anyone can object to that manifesto.

At this summit, or later, in the light of what we will learn about the detail of Germany's intention for the euro 17, the UK should seek agreement in principle that the UK Parliament, and not the EU institutions, decide what laws apply in our own country, and how they should be interpreted and enforced. That would, in effect, be the UK nationalisation of the EU acquis communautaire. There would be no instant annulment of EU directives or regulations. It would be a matter for renegotiation with the EU on a case-by-case basis over time, and the same would apply to new proposals such as the ludicrous financial transactions tax. That would enable us to establish a new relationship with our EU partners on a fundamentally different basis, while remaining in the customs union, which is the founding element of the single market.

The Prime Minister can say, perfectly reasonably, that he has done his best to co-operate with our EU partners in the crisis but that he must take Parliament and the British people with him. He can say that fiscal union is too big a change in our relationship to countenance without a referendum in the UK, but that he should offer to put this new relationship to the British people, and on that basis he would campaign for a "yes" vote. I would vote for that and I would campaign for a "yes" vote, so we can stay in the EU on that new basis. There is absolutely no reason why that proposal should delay this summit. If the other states wanted to do so, it would be up to them, as I have said. That would allow Westminster politicians to fulfil the promises that we have made so often and broken, to give the people the right to decide the destiny of our nation.

As the Prime Minister has said:

"It is wrong that we did not have a referendum on Maastricht, Lisbon and those other treaties."—[*Official Report*, 24 October 2011; Vol. 534, c. 33.]

The changes being proposed in this treaty are Maastricht-plus. Refusing to hold a referendum in such a situation will not stand. The Prime Minister told us:

"Future treaty change will bring opportunities for Britain. The country wants us to stay in Europe, but to retrieve some powers."

Now, we want that opportunity. We may not have another chance like this. This is the time to renegotiate our relationship with the European Union. It is the catalyst that might bring about the reform of the EU. If not now, when?

2.38 pm

Mr Edward Leigh (Gainsborough) (Con): It is a pleasure to serve under your chairmanship, Mr Turner. We are all grateful to my hon. Friend the Member for Harwich and North Essex (Mr Jenkin) for the way he has introduced the debate. I do not intend to weary the Chamber with his level of forensic detail. He has made the case, and I subscribe entirely to what he said.

I want to talk about the broad picture, in historical terms, because I think we lose track of history. We are on the cusp of a truly momentous moment in our country, which could reorder our entire relationship with history. I regret that economics is now considered to be the only science that politicians of note should understand, because history is just as important. The fact is that for 300 years this country had one historical imperative, and that historical imperative is born of the fact that we are a maritime and a trading nation. We have strained every sinew and have fought momentous wars to ensure that there is no conglomeration of power on the continent that could either exclude us from continental markets or have an effect on our trade, particularly our maritime trade.

It is a shame that, in our schools—I know quite a lot about education, because I follow what my children are learning—little knowledge is bred into our children about our own history. There is far too much emphasis on 20th century history and Hitler and Stalin, but our history is far longer than that. Virtually everything that we have undertaken for these 400 years has been to ensure that we retain our independence as a trading and maritime nation. In the 16th century, we were prepared to go to war against Spain because they were affecting our trade. We also did so in the 17th century with the Dutch; in the 18th and early 19th centuries with the French; and in the 20th century with the Germans. All along, I believe that, although we have stood on great principles—that is certainly true of 1914 and 1939—our prime motivation has been to retain our independence.

What we are seeing now is a truly frightening conglomeration of power on the continent. If the German Chancellor and the French President succeed in creating fiscal and monetary union tomorrow, we will voluntarily exclude ourselves. Do not think for a moment that this conglomeration of power would not have a decisive and dramatic effect on us. The United Kingdom accounts for 36% of the European Union's wholesale finance industry and a 61% share of the EU's net exports of international transactions in financial services. However, under new voting rules that will come into force in 2014, it will possess only 12% of the votes in the Council of Ministers, and 10% of the votes in the European Parliament. In contrast, France accounts for 20% of the EU's market in agriculture, but enjoys a veto over the EU's long-term budget and therefore retains substantial control over the sizeable EU subsidies received by its farmers. An express train is coming in the direction of the City of London.

Martin Horwood (Cheltenham) (LD): On that basis, would the hon. Gentleman support a massive increase in Greece's voting power over maritime matters, since it is a massive contributor to the European maritime economy?

Mr Leigh: To be frank, I do not think that that is a serious point. Everybody knows that the hon. Gentleman is trying to tilt at windmills. Things are getting worse,

[Mr Leigh]

because the United Kingdom's level of influence on new financial rules has decreased. Regulation is now geared less towards financial services growth, and more towards curtailing the financial market economy. The perception in many continental capitals—there may be a reason for this—is that the so-called Anglo Saxon light-touch capitalism needs to be reined in. In the past, EU politicians and policy makers generally, but not always, felt constrained from imposing financial regulation on the UK, but that has now ceased to be the case. I agree that United Kingdom regulation has moved from the light-touch concept, but its new focus on regulatory judgment looks set to clash with the prevailing rules-based culture at the EU. In addition, the eurozone crisis is increasingly likely to create exceptional needs and political incentives for the euro countries to act in the interests of their own eurozone of 10.

I believe that all those reasons—the new emphasis on qualified majority voting, our inability to use our veto in this marketplace, and the increasing tendency of the European Union to want to interfere in the financial marketplace—are as big a threat to the main motivator of our economy as anything that we have seen in history. What do we do about it? I think that this is a decisive moment for the Prime Minister. He has to say in the conference that he is not prepared to sign any treaty unless he receives cast-iron guarantees that our financial sector will be set free from interference. If he does not get such cast-iron guarantees, I believe that he must be prepared to veto any treaty. If he is then told that the 10 will go ahead and create their own treaty, he must declare that illegal. Although that may sound like a very dramatic thing to do, I have read in today's papers that German commentators are already talking about even the threat of our Prime Minister standing up for British national interests as being "obnoxious," but that is precisely what all European countries do. The first lesson of history, as I have said, is the overwhelming imperative on behalf of successive British Governments over the centuries to protect our commercial interests. The second lesson of history is that all Governments in Europe act in their own financial interest—all are determined by their own history.

We need not say much about recent German history, but we know that there is an imperative throughout German history to extend their marketplaces, particularly into the east in the Balkans. We know that there is an imperative on behalf of French Governments to hug Germany close, so the French President and German Chancellor will be acting entirely in their own national interest, which is what we demand of our Prime Minister.

I hope I will be forgiven for saying this, but we have had enough of spin and of reading about British Prime Ministers who, over the past 20 or 30 years, have said in the days preceding a summit that they will stand up for British national interests and ensure that they are protected, only to come back with a Chamberlain-esque piece of paper, saying, "I have negotiated very hard, got an opt-out from this and that, and succeeded in standing up for British interests," when such guarantees are not worth the piece of paper they are written on. I suspect that agreements have already been made among the sherpas and the miners, and that our Prime Minister will be offered something, but that will not be enough unless it includes cast-iron guarantees that we can all accept and that protect our vital national interests, particularly those in relation to our financial sector.

Emma Reynolds (Wolverhampton North East) (Lab): Does the hon. Gentleman agree that it is not in our national interest that the Government are deeply divided on the issue, and that the Prime Minister is therefore weak and isolated in the European Union and less able to negotiate the sorts of things demanded by the hon. Gentleman?

Mr Leigh: What is in our national interest—we see it in this Chamber today—is that patriotic Members of Parliament are prepared to speak up for the vital national interest. By speaking out this afternoon, we are actually supporting the Prime Minister in his negotiating stance, because I believe that we stand for what the British people want.

Kate Hoey (Vauxhall) (Lab): I would like it to be put on the record that, while not many Opposition Members are present, many of them, as well as many Labour party members and millions of Labour party supporters throughout the country, want to see our Prime Minister standing up for this country and making sure that we get some of those powers back. The most important thing that the country wants, however, is a referendum on the whole question of Europe.

Mr Leigh: I am very grateful to the hon. Lady for that intervention. Her courage, independence and intellect are widely admired throughout Parliament, because hers is a voice that stands up for reason and for democracy. I reiterate what the Secretaries of State for Northern Ireland and for Work and Pensions and many of us have said this week. The creation of true fiscal and monetary union throughout much of Europe, with the ability to compel nation states to, in effect, subscribe to particular levels of debt and taxation, is such a fundamental shift of power, that it would be a dereliction of duty, legalism in its worst form and slippery tactics, to say that that does not demand a referendum. We are talking about such a fundamental shift in our relationship with Europe that it would be an appalling attack on the good name of politicians and politics in general if, once again, we were to use mere legalism to say that a referendum is not needed.

I finish by joining my hon. Friend the Member for Harwich and North Essex and agreeing with what he said when opening the debate. An increasing groundswell of opinion in this country says that we want a renegotiation of our relationship with Europe. We want to concentrate on our traditional strength of having the free trade of goods and people with Europe, which, by the way, is not at risk. It is a complete myth that somehow we will lose that when Europe has a massive balance of trade surplus with us. We want a renegotiation and, having achieved that, let us put the decision to the British people and move forward.

3 pm

Kelvin Hopkins (Luton North) (Lab): First, may I apologise for arriving slightly late for the introductory speech? I congratulate the hon. Member for Harwich and North Essex (Mr Jenkin) on initiating a very important

debate at this historic moment. It is important that Government Members and, indeed, the people of this country know that some of us on the left take a strongly critical view of the European Union and what it is doing at the moment, both in democratic terms and on economic grounds. I will not speak for long because many others want to contribute.

As powers have been transferred to the European Union, we have had a consistent erosion of democracy. Within the European Union itself, real power is not with the European Parliament, although it can make a lot of noise; real power is with the Commission. The Commission is a completely undemocratic body run in a secretive way by the Eurocrats who want to govern our lives bureaucratically, rather than democratically. We have already seen the beginnings of bureaucratic government in Greece and, indeed, in Italy. At some point, the people of those countries will react against that, particularly when they have increasing austerity and unemployment rammed down their throats.

I am concerned about how the economy is being run at the moment. The view is expressed in the media and by our politicians and some of our leaders that somehow dismantling the euro would be a total disaster and that we must do everything that we can to save it. That is not true. Some people who occasionally write in our journals say that dismantling the euro would not be that damaging. In fact, we need a controlled deconstruction of the euro for those countries that clearly cannot sustain their membership because their real exchange rate is way out of line with that of Germany and others. We must create a situation whereby those countries can recreate their own currencies, find an appropriate parity and start to reflate their economies behind those currency barriers.

I think that everyone now accepts that Greece will leave the euro at some point, and when that happens, it will re-establish the drachma. Greece will devalue substantially—30% or 50%—and all of a sudden, it will become the cheapest place in Europe to have a holiday. Everyone will go to Greece for their holidays and the Greek economy will recover, as it will do in so many other ways. Greece will not be able to buy as many BMWs and Mercedes from Germany, but it will start to regenerate its internal economy and its people will start to live a decent life again. Other countries that are much bigger than Greece are in a similar position, and so others will need to follow.

I do not agree with the idea that such an approach would be disastrous for us all. If those countries can get out of the euro, re-establish and start reflating their economies, their economies will start to grow. If we insist on their staying in the euro and having increasing austerity, that will mean more unemployment and a fall in demand, and the whole economy of the European Union will start to go into a deep black hole.

I have said this many times: the idea that being critical of the European Union or wanting to re-establish a national currency is being anti-European is nonsense. I see myself as a passionate European. I am European by history and by virtue of where I live. I love everything about Europe. I love the music, the culture, the languages and the people. I also stand shoulder to shoulder with working-class people in Europe. As a socialist, people would expect me to do that. Working-class people will not benefit from the continuation of this stupid system of a single currency. They will benefit only when their countries can re-establish some independence and start to reflate their economies.

Many millions of working people in those countries feel that their leaders have left them behind. Indeed, during the past two weeks, I spent several days in Copenhagen last week and two days in Brussels this week. I have heard people bemoaning the fact that they are drifting away from their politicians and that there is a gulf between the political class and the people. If people in many of those countries were asked what they want, they would probably say that their views are similar to ours.

The Eurobarometer shows that there is increasing Euroscepticism across the European Union. We are run by a bureaucratic elite who want unity at all costs on their terms and who are leaving behind their own people. We must avoid that. At least we have a more serious Eurosceptic voice in Britain from hon. Members on both sides of the Chamber and, indeed, among our electorate. I hope very much that our leaders will recognise that and start to suggest that we should have separate currencies and go back to a world where we perhaps even have pegged currencies at appropriate parities. Each country should be able to manage its own affairs with its own interest rates, its own fiscal policy and its own parity with other currencies. That is the world that worked in the post-war period, and it has been destroyed by those who want to create a country called Europe—or part of Europe, at least.

Mr John Baron (Basildon and Billericay) (Con): To reinforce that point, the hon. Gentleman may want to reflect on the fact that, since 1945, there have been around 80 situations in which countries have left currency unions. In the vast majority of cases, those countries benefited from that devaluation. It is an economic fact that devaluation allows greater competitiveness, and the austerity packages in Italy and Greece would therefore not need to be so severe.

Kelvin Hopkins: I thank the hon. Gentleman for his intervention. Indeed, he is absolutely right, and the Soviet Union is the best example. Many currencies were created after the break-up of the Soviet Union. When Slovakia broke away from the Czech Republic, it created a currency and that was not a problem. I am sure that both economies—certainly Slovakia's—benefited from that.

From time to time, we have had to adjust the parity of our currency in relation to other currencies. That has been necessary and beneficial. The Bretton Woods settlement made provision for that in 1944; in fact, Bretton Woods wanted to go further. Keynes and others suggest that some countries ought to be required to revalue if they have a very large trade surplus, as indeed one major country in Europe has with the rest of Europe at the moment. Such countries ought to be required to get some balance within the international economy.

George Eustice (Camborne and Redruth) (Con): I congratulate the hon. Gentleman on all the work that he has done over the years to keep Britain out of the euro. Does he agree that a big advantage to a country having its own currency is the ability to act and make

[George Eustice]

decisions? Britain's experience during the past 10 years has shown that the ability to act is far more important than having a seat at a table where people squabble and cannot agree.

Kelvin Hopkins: The essence of democracy must be elected Governments in nation states. Internationalism is not about getting rid of national Governments and international boundaries; it is about working in close co-operation with other countries. We can continue to be internationalist, while retaining our economic independence. That is the way forward.

I shall finish on this note. Things are changing. John Rentoul is a journalist who supported the European idea through decades. Two weeks ago, he wrote in *The Independent on Sunday* that he has to admit that Peter Shore and Bryan Gould were right to say that the euro would not work. I was friendly with both those great people, and when Bryan Gould was around, I was friendly with him, too. That is a sign that things are changing and that even those who have been what some people unkindly call Eurofanatics are changing their views.

3.8 pm

Andrea Leadsom (South Northamptonshire) (Con): I am delighted to follow the hon. Member for Luton North (Kelvin Hopkins) and to find myself agreeing with him yet again—we also agree on high-speed rail. I am also grateful to my hon. Friend the Member for Gainsborough (Mr Leigh) for his history lesson. I confess that I am one of those economists who tends to look at things from an economic perspective, rather than an historical one.

What concerns me about the latest proposals for eurozone crisis prevention measures is that they simply will not work. It boils down to the fact that what makes the difference between sovereign risk and credit risk is the undoubtedness of sovereign debt, backed by a lender of last resort. In the end, if a country is a sovereign risk, its lender of last resort can print money, its currency can devalue and it can get out of its difficulties that way. The eurozone has as yet failed to address that fundamental issue, and the measures that it now proposes mean nothing more than ever-greater fiscal integration, but without the ability to issue proper sovereign debt. Market chaos will therefore not cease for longer than the short term.

Mr Jenkin: Does my hon. Friend share my concern that, even if the European Central Bank was turned into a fully fledged sovereign central bank and printed unlimited sums, it might provide liquidity and buy some space for a while, but the fundamental structural problems between the different economies stuck in the eurozone would not be addressed? Austerity packages would still need to be applied, but the EU's institutions do not have the democratic legitimacy to impose austerity on countries in that way.

Andrea Leadsom: Yes, I agree. The key issue is that if these countries are to have sovereign risk, they must completely guarantee and underwrite each other's debt and obligations. That is very unlikely ever to be achieved in the EU, which just makes the problem of not having a lender of last resort even more existential for the eurozone. I therefore have genuine concerns about whether the proposals actually offer a solution.

Here we are on the eve of a very important summit, which is designed, on the face of it at least, to put the market's fears to bed once and for all. The Prime Minister has a strong hand, because the German Chancellor and the French President need a treaty at the 27 member state level, for two practical reasons. First, if they started again, with just the 17 eurozone members trying to create a treaty between themselves, they simply could not do that in the time frame that the markets would permit them. That is a very practical issue, which they need to consider. Under the Lisbon treaty, however, treaty changes can be fast-tracked. Secondly, as was pointed out earlier, the 17, as a group, could not simply annex the EU institutions and use them for themselves; they would require the permission of the 27 EU members. For both those reasons, a treaty is needed at the 27 member state level, and that makes the Prime Minister's hand very strong.

Like other Members, I am pleased that the Prime Minister is absolutely determined to protect Britain's interests. What does that mean? First and foremost for every EU member, regardless of whether it is in or out of the euro, that must be about stopping the crisis—there is no doubt about that. If the euro descends into a disorderly collapse, that will easily cost 6% or 7% of British GDP, and it would probably push us into a worse recession than the one after the financial crisis of 2008. There is therefore no doubt that our top priority should be to solve the eurozone crisis.

Mr David Nuttall (Bury North) (Con): As my hon. Friend will be aware, this is not the first time European leaders have met to try to resolve the crisis in the eurozone. Why does she think that eurozone leaders and, indeed, the leaders of the whole EU will be any more successful this time than they were on any of the previous occasions when they met to try to come up with a grand solution to save the euro?

Andrea Leadsom: I thank my hon. Friend for those remarks. There is a desire to come up with a solution; but as I said, I do not think that it will work, for reasons of economics and the markets' actions. I hear what my hon. Friend says.

Britain is clearly struggling to recover. The eurozone crisis is testing us and is close to pushing us back into a no-growth, or even a recessionary, period. We therefore need to look after Britain's interests by not only protecting the eurozone, but ensuring that we create safeguards for our most important industry, and I want to put in a plea for financial services.

There has been a lot of talk about holding a referendum, changing the common agricultural policy or simply repatriating powers, but what do all those things mean? If we hold a referendum, what would the question be? How quickly and easily could people understand enough about the implications of a question such as whether we should allow the 17 fiscally to unite? That is an extraordinarily complicated question, and referendum questions really need to be along simple lines, such as whether Britain should be in or out of the EU. At a time when these things are in flux, that is almost impossible to answer.

Mr William Cash (Stone) (Con): I should like to ask my hon. Friend a simple question. How much more important can things get than when we face a fundamental change in the relationship between ourselves and the EU? It is as simple as that. This is an historic question, and it demands a referendum. Why does she think otherwise?

Andrea Leadsom: We will just have to agree to disagree. If people are in government, they govern. At the current moment, a referendum would be extraordinarily important in the history of Britain, but it would be extraordinarily difficult to get the sort of answer that would give the Government a coherent direction. It is for the Government to make the best decision at this moment. For what it is worth, I have always thought that a referendum needs to come at the tail end of a renegotiation of Britain's relationship with the euro and that it should be used to ratify such a renegotiation, based on the simple question of whether Britain should be in or out of the EU on the basis of a pre-negotiated set of terms with the EU.

Mr Jenkin: I could accept that approach, and my hon. Friend has answered her own question about what the referendum question could be. We will not agree the treaty texts at the summit; the meeting will discuss issues of principle and the treaties will then be drafted, but their ratification will take months if not years. We are talking about a referendum some time during that period to ratify a new deal for Britain. Does my hon. Friend not think that that would be a sensible way to go? Would it not strengthen our Prime Minister's hand if he was to put that view to those at the meeting this weekend?

Andrea Leadsom: I am perhaps not understanding. The calls that I have seen in the media are all about our needing a referendum, but now is not the moment for one.

Mr Jenkin: If I may say so, my hon. Friend has seen a bit too much of the Government's propaganda, rather than heard what some of us have been saying. We cannot, of course, ask for a referendum on the spur of the moment; we are asking for a referendum on renegotiated terms of membership, which we desperately need and which this summit demonstrates that we will need. We should be able to tell our European partners, "Go ahead with your proposals for fiscal union. We don't think they'll work. It's a big change for us, so we need these measures in return. As part of the ratification process, we will put this to the British people and recommend a yes vote, as long as you agree our terms."

Andrea Leadsom: I thank my hon. Friend. In truth, right now, I genuinely believe that the Prime Minister has to focus his effort on creating the best solution for Britain, and that is what he is doing. As for all the demands for referendums, the fact that I am confused about what my hon. Friend has been saying, although I am quite close to these issues, demonstrates that other people will doubtless also be confused. The demands are seen as our party, at least, trying to cause trouble for the Prime Minister. For that reason alone, now is the time to get behind the Prime Minister, who has promised the British people that he will defend our interests.

Let me come to why defending the City is the key priority at the moment. People talk about renegotiating EU directives that have already been implemented, but as we have found as part of the Fresh Start project work, that is real spaghetti; it is extraordinarily difficult to unwind existing, implemented policies. I am a very practical person, and the best approach in terms of doability is to look at what has not yet been implemented and what the biggest threat to Britain is. On those two counts, there is no doubt that we should focus on financial services.

Financial services account for 11% of Britain's tax take each year—about £50 billion. It employs nearly 2 million people; it is our biggest export; and it creates a huge positive trade surplus. Given that we have a big overall trade deficit, we would be looking at a far worse trade balance without financial services. Added to that is the fact that the potential for the future growth of financial services is all outside the eurozone; it is in the BRIC countries—Brazil, Russia, India and China—and America and Asia. That is where the potential lies. Yet, before the financial crisis, Britain was in a strong position in creating an EU financial services single market. We were influential. That was all about deregulation, open access to markets, growth and jobs. Britain did very well out of that and so, by the way, did the rest of Europe. Other eurozone countries did extraordinarily well, because the City was the entry-point to European financial services markets. That benefited us all.

Since the financial crisis, however, the agenda has changed. Britain has rightly changed its regulatory environment by greatly increasing controls, the closeness of supervision and the requirements for capital, liquidity and so on. The EU's goal has been more to ban what it does not like: "Let's reduce financial activity; we will constrain, prevent and reduce what is going on." Nowhere in the EU treaties is there any talk of prudential decisions that the EU might make that would go against the fundamental commitment to single markets and growth opportunities, so the 49 EU directives and other proposals on financial services coming down the track are already in breach of the spirit of the EU treaties, which are all about creating better markets and more access.

I want to mention a couple of those matters in particular. First, on the financial transactions tax, people may think, "They will never do it; it would be cutting off their nose to spite their face and the business will simply go elsewhere." Actually, however, I think many people in the EU are determined to do it, because they do not want the business. They think that Anglo-Saxon light-touch regulation and the success of financial services are partly to blame for the eurozone crisis. They are quite wrong, but that is where they lay the blame, so they would consider a financial transactions tax that would drive business abroad to be a good thing. To anyone who thinks, "They would not do it," I would say that they would if they had the opportunity. Of course, that would be disastrous for Britain. It would not be a tax on bankers; it would be a tax on pensioners, investors and savers, because it would go straight to the bottom line of every investment portfolio. If anyone said that it would serve bankers right, I would reply that it would affect not bankers but savers. I could not support that.

Secondly, a slightly unbelievable idea has been proposed in the eurozone that a clearing house with more than 5% of its turnover denominated in euros should relocate

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to the eurozone. That would be daylight robbery and steal our business, and I am glad that the British Government are already challenging it in the European Court of Justice. Where in the single market treaties, which are all about growth and jobs, does that appear? How would it support British growth and jobs? It would not. I am extremely concerned about the tone and extent of EU directives coming down the track. They are not yet implemented; but unfortunately, under QMV, they could be implemented without Britain's say-so.

George Eustice: I agree with my hon. Friend that the Prime Minister is right to prioritise the financial services directives in the negotiations. Is she aware that Open Europe has today published a poll of City institutions showing that more than 60% of them believe that the burden of regulation coming down the tracks from the European Union outweighs the benefits of the single market?

Andrea Leadsom: I have not seen the poll—I have been looking forward to seeing it—and I am not surprised by what my hon. Friend says. Although, as I have said, the treaties are all about expanding markets, growth and opportunities, some of the unintended consequences of EU policies have been the complete opposite of that, and never more so than in financial services. I think that a deliberate attempt has been made to reduce financial services activity in the eurozone.

Financial services should be the top priority for the Prime Minister. He has been clear about drawing a marker in the sand to the effect that Britain wants a secure legal agreement that, in the event that financial services legislation is against Britain's best interest, we can prevent it from being imposed on us.

Emma Reynolds: The hon. Lady is making an eloquent speech. Does she support our idea that, to protect financial services and decisions on the internal market, the Prime Minister should call for all non-euro member states—the 10—to be observers at the euro group meetings that will be held so regularly?

Andrea Leadsom: Any attempt that the non-eurozone members make to protect their interests is important, but perhaps an even better way to do it would be to ensure that, if any vote is passed under QMV by the eurozone bloc, there should also be a supporting vote under QMV on the part of the out-group of 10, at a very minimum, to ensure that the in-group could not ride roughshod over the out-group.

Mr Leigh: We now know that the policy of Her Majesty's loyal Opposition is to be an observer.

Andrea Leadsom: I thank my hon. Friend for his intervention.

Mr James Gray (North Wiltshire) (Con): I entirely agree with my hon. Friend about the threat to financial services and the importance of focusing on the City and welcome the fact that the Prime Minister has said that he intends to do precisely that at the summit. None the less, does my hon. Friend agree that there is a subtle risk that he could come back from the summit, waving, Chamberlain-like, a piece of paper in the air and saying, "Haven't I done well? I have protected a number of things that were under threat in the City of London"—despite having ignored the historic opportunity of the summit and allowed several other things to slip by without repatriating anything at all in the process?

Andrea Leadsom: That is an important point, because the Prime Minister will not be just having a chat and getting general agreement; he will want to get a firm assurance and put a marker in the sand saying, "We feel your pain and share your goal and will want to protect Britain's specific national interest by including our own requirement in the treaty." There cannot be simply a gentleman's handshake, so that what is agreed can be watered down later. There must be a firm commitment on all sides that Britain's national interest will be protected.

Mr Nuttall: Does my hon. Friend agree that the problem with marks in the sand is that, when the tide comes in, they get washed away?

Andrea Leadsom: That is a good observation and I have noticed that, but it was not what I meant, and my hon. Friend knows it. What I have outlined is down to the Prime Minister to achieve. He has committed to do it. We must have confidence in his determination to follow it through.

Mr Stewart Jackson (Peterborough) (Con): I respect my hon. Friend's intellect and erudition on this issue, but she will be familiar with the story of Pyrrhus and his remark, "One more such victory and we are doomed." We can very well defeat the straw man of the financial transactions tax, while we ignore the creation of a de facto country, perhaps called Greater Germany, that will militate against the long-term financial, economic and political interests of the United Kingdom.

Andrea Leadsom: I do not see things as starkly as that. We are now in a position where the Prime Minister can protect Britain's interest and is committed to doing so. We need to give him the chance to do that.

I want briefly to discuss things that we can do ourselves. First, there is an awful lot of talk about repatriation and things that we could do differently, but in the long years of the previous Government, the EU was largely ignored and many opportunities to improve how we do things at home were missed. Some quick examples include how we implement EU directives. We have an opt-out from the working time directive, as do 16 other member countries, which makes a majority in the 27, if my maths serves me correctly. We could band together with the other 16 and demand that the EU reconsider the directive in its entirety. I have talked to a British delegation of MEPs who think that there could well be interest in doing that. Why have we not done so, if we all like to think that the directive is disastrous?

Secondly, why do we have so few British workers in the EU institutions? Why are none of our people employed there? Why did the previous Prime Minister choose to put someone in the post of High Representative of the Union for Foreign Affairs and Security Policy, instead of having someone in the financial services commissioner

post? It has been left to a Frenchman who does not understand financial services particularly well to do that job for us.

Something that should be entirely within our gift to sort out is scrutiny in Parliament, and we do not do enough of that here. We leave it up to the incredibly overworked European Scrutiny Committee, which is ably chaired by my hon. Friend the Member for Stone (Mr Cash). In areas such as financial services and agriculture, we should pass directives on to the specialist Select Committees, which have the interest and expertise to look at detailed areas, and ask them for their help and support to ensure that, before we receive directives that we then have to implement, we have done the best job that we possibly can for Britain.

3.30 pm

Martin Horwood (Cheltenham) (LD): I start the Liberal Democrat contribution to the debate. This may alarm the hon. Member for Harwich and North Essex (Mr Jenkin), but I am going to agree with him about something. This debate should have taken place on the Floor of the House. As the hon. Member for South Northamptonshire (Andrea Leadsom) has just pointed out, we need to reform how we scrutinise European affairs in this Parliament. It is not adequate. In fact, I have already made a contribution to the discussions on scrutiny by suggesting to Ministers that we involve departmental and other Select Committees in scrutinising forthcoming European legislation, as she has just suggested. I strongly welcome that suggestion.

Mr Cash: As Chair of the Committee in question, I assure the hon. Gentleman that we frequently have arrangements whereby we refer particular directives and regulations to departmental Select Committees. Sometimes they do not actually look at them, despite the fact that we have asked them to do so. We also asked the Government, on behalf of the European Scrutiny Committee unanimously, for a full three-hour debate on the Floor of the House, of the kind that is taking place here, and it was refused. That is the state of play. That comes largely from the fact that we are in a coalition.

Martin Horwood: I do not think that it comes from the fact that we are in a coalition. I do not want to risk my Liberal Democrat credentials by agreeing with the hon. Member for Stone (Mr Cash) as well, but I think that this issue is worthy of a debate on the Floor of the House. I know that his Committee refers matters for scrutiny to departmental Select Committees, and it is not good enough if those Committees are not prepared to scrutinise those matters. They have the expertise and the Committee experts who can make a serious contribution to the scrutiny process. I restrain myself from suggesting that that might remove the necessity for the European Scrutiny Committee, but the point is that we need wider and deeper discussion of European matters in this Parliament, and I entirely agree with that.

One of the healthy things about being in a coalition is that we can bring different points of view on issues such as Europe, as well as others, to the table without actually having to conceal them and pretend to be coming from exactly the same place, which the previous Government had to do. None the less, it is slightly frustrating. I thought that we had settled quite a lot of the issues that are being debated at the moment. When we discussed at inordinate length the European Union Act 2011, which has already been passed, we spent countless hours debating when to hold a referendum and when to look at renegotiation of powers. We came to a conclusion and a settled view, as a coalition and as a Parliament, which was pretty clear. It represented something of a compromise between the Liberal Democrat and the natural Conservative positions, which seemed quite acceptable: a treaty change should be subject to an Act of Parliament, but if that treaty change involves a fundamental and significant shift in powers from the British to the European level of government, then that should be automatically subject to a referendum. Yet now, only a matter of months later, this whole issue seems to have been reopened. That is a problem, because it makes it more difficult—let us put it no more strongly than that—for Ministers to negotiate with confidence, knowing what position they are representing back in this country. We are not so much sending them naked into the debating chamber, as sending them so wrapped up in unrealistic expectations that they cannot move, which is a problem.

Ministers need to focus on the issues at hand in the Council, which are threefold. The eurozone is not the only issue, because there are two other important topics for discussion. On energy, if I can put it in the language of this debate, I speak from a nuclear-sceptic point of view. There is the welcome process of independent scrutiny, at European level, of the safety of European nuclear programmes. In the wake of the Fukushima disaster, which will potentially cost the Japanese economy hundreds of billions of pounds, it is incredibly important that the process is ongoing and rigorous. If I have a concern that I would like to be raised at the European Council, it is that the Commission report makes the case for tighter safety rules but does so in a limited way, even though it concedes that many of the regulations that were already in force before the Fukushima disaster in March are still not being applied throughout the European Union. Some states, including the UK, Poland, Slovakia and Belgium, have not updated national legislation in line with a European directive from 2009. At present, there are no common safety standards or criteria for nuclear power plants across the European Union. *[Interruption.]* The hon. Member for North Wiltshire (Mr Gray) says, from a sedentary position, "Good." He may have a lot of confidence in British nuclear safety regimes. I hope he has exactly the same confidence in Polish safety regimes and in the safety regimes of other European nations. The bad news for him, I am afraid, is that radioactivity, as we found out after Chernobyl, is no respecter of national boundaries.

Mr Gray: Does the hon. Gentleman recall that Chernobyl is in fact in Russia?

Martin Horwood: It is not, actually; it is in Ukraine. It was in the Soviet Union at the time, but the point is that it is only quite recently that some farms in Wales have had all restrictions lifted as a result of the radioactivity that swept right across Europe. The point is that the wider we can spread safety regulations on this the better. The European Union is an important vehicle for doing that. I hope that that message about a tighter safety remit and tighter safety monitoring regime has been well taken.

Mr Jenkin: Will the hon. Gentleman give way?

Martin Horwood: Is this on the subject of nuclear energy? Oh, okay.

Mr Jenkin: We have one of the best nuclear inspectorate and safety regimes in the world, if not the best. Is the hon. Gentleman seriously saying that he would prefer nuclear inspections to be run by the people who could not even get their accounts audited for the past 15 years, and who gave us the common agricultural policy and the common fisheries policy? Does he not see that these multinational European bodies are grossly inefficient and hopelessly unaccountable, which is why the British people have had enough of them?

Martin Horwood: Well, no, in short. If the hon. Gentleman has such enormous confidence in Britain's safety regime, then he should be trying to export those safety standards to the rest of Europe. I cannot see how he can possibly conceive of a better vehicle for doing that than the European Union. Is he seriously going to approach 27 different European nations and try to encourage them to adopt our safety standards, or is he going to use the vehicle of—

Mr Jenkin *rose—*

Martin Horwood: No, we need to move on from safety regimes. Is the hon. Gentleman seriously suggesting that that will be a more effective approach than trying to reach a common position across the European Union?

Steve Baker (Wycombe) (Con): I am a chartered aerospace engineer who has a friend who is a chartered aerospace engineer working in the nuclear industry, and we agree that nuclear industry standards are quite poor. When I was a kid, the Eurofighter Typhoon was flying quite successfully as the EAP, with just British Aerospace backing it. What slowed that project down was making it pan-European. I do not share his optimism about the idea of pan-European technical standards, which is not borne out.

Martin Horwood: I congratulate the hon. Gentleman on his qualifications.

Apart from the eurozone, the other key issue that will be discussed at the summit is, of course, the accession of Croatia. We very much look forward to the accession of Croatia, which is a brilliant example of the transformative process of applying for membership of the European Union. Croatia has managed to address so many issues relating to its judiciary, economy and the reform of its political processes. That is an example that should be followed by other candidate countries looking to accede to the Union. It is inspiring to remember that in the area of Europe most recently torn apart by war, those in the Balkans still see European Union membership as something that helps to guarantee future peace. That is one of the founding principles of the European Union and one that we should not lose sight of in the current melee over the eurozone and possible treaty reforms.

The third, and obviously the most important, issue that the Council has to address is the crisis in the eurozone. Here, I think, we are on common ground in realising that the threat of a disorderly collapse in the eurozone is of enormous importance to this country. If the eurozone goes down, it will do considerable damage to the entire world economy, let alone to the British economy. It should be our No. 1 national priority at the Council to advance the process of securing the future of the eurozone, however it happens to proceed. That the eurozone countries have not yet agreed the treaty process or the rules that ought to surround it is a matter of enormous frustration and anxiety. It reflects badly on the leaders of those countries that they have not yet come to such an agreement.

The second clear national priority has to be to defend Britain's interests in the process, which is rightly the instinct of the Prime Minister at the Council. To come with a list of unrealistic demands that would hamper and threaten the whole process of resolving the crisis, however, would be spectacularly reckless and playing politics with Britain's national interest. I apologise to the thinly attended Labour Benches, but I am afraid that as a country we are still deep in the process of cleaning up the mess left to us by the previous Government. Our economy remains in a fragile position, which is possibly more fragile than we had expected at this stage.

Emma Reynolds: When the Labour party left government, the economy was growing. The policies of this Government have choked off the recovery.

Martin Horwood: The economy is still growing, actually, but that is a debate for another day. The voters made up their mind about who was responsible for the economic mess that we found ourselves in.

We are still in a vulnerable position, and all colleagues need to be able to go back to their constituencies, to look pensioners, small business people and others in the face and to say that we are doing everything that we can to speed a resolution of the crisis and that we are not throwing spanners in the works.

Mr Cash: Does the hon. Gentleman not agree that it is extremely unwise to make assumptions about the existing arrangements? They include so much over-regulation, centralisation and deprivation of oxygen for small and medium-sized businesses not only in this country but in the European Union that, precisely because there is no growth there—for all those reasons and some others—it is impossible for us to grow, what with the 40% of trade that we have with those other countries. Solving the causes of the failure of the European Union is so necessary.

Martin Horwood: The hon. Gentleman makes a rather interesting point about regulation of the smallest businesses, because we have a rather good case study. The Under-Secretary of State for Business, Innovation and Skills, my hon. Friend the Member for Kingston and Surbiton (Mr Davey), has been active in going to other European Ministers, in particular those with a similar outlook on economic policy, and taking a collaborative, positive and co-operative approach to reach agreement that we should lift onerous accounting rules from the smallest businesses, not only in this country but throughout Europe. *[Interruption.]* It might be a small concession, but it was progress through a collaborative process that has lifted some of the burden of European regulation from businesses in the UK. There will be other examples of what Members may call repatriation, if they want.

In fisheries policy, we are likely to see the movement of powers over fisheries from the European level to national and regional levels in future. So it is possible to achieve change without a confrontational attitude and, as in both those cases, without treaty change.

As I have said, to defend Britain's interests during the whole process is important. One of the ways to do so is to prevent marginalisation, which is a real danger. To an extent, I share some of the anxieties expressed by Conservative Members—it could happen that we might be excluded from the core of decision making in Europe—and I would not be happy with the Labour party's approach that we should be observers to the process. I want us to be participants. We must ensure that Britain plays a central role in whatever new structures emerge from the crisis, and we need to be able to discuss and debate with the members of the eurozone how their economies move forward. As EU members, we will always have more say in the process than we would do if we committed the ultimate act of economic suicide and left the European Union, as some hon. Members might want. The risk, however, is that some marginalisation is possible, although we increase the risk of that if we roll up at European Councils with a list of unrealistic demands and throw a spanner in the work of resolving possibly the biggest crisis to have faced continental Europe for decades. That does not do us much good.

Mr Nuttall: Will my hon. Friend give way?

Martin Horwood: I will give one example. The hon. Member for South Northamptonshire (Andrea Leadsom) mentioned clearing house regulations. Since that dealt with transactions governing euros, how would we have influenced that legislation had we been outside the European Union? We might have found that by leaving the European Union we had excluded ourselves from such decision making and enabled the EU to take precisely that kind of decision, to the immediate detriment of the British economy and the status of the City of London, which is a European asset as well as a British asset.

Andrea Leadsom: Specifically, that would not have happened. It is only because the UK is in the EU that the EU can require London clearing houses to go under this type of legislation. If we were not part of the EU, it would not affect us.

Martin Horwood: I hesitate to challenge an expert in her own field, but we might find that the kind of interests that we are able to defend in economic policy, and financial policy specifically, within the European Union would not be so easily defended if we were outside the EU. It is one thing for Norway or Lichtenstein to be allowed access to European markets and to gain the benefits of the European economic area, because they do not pose much of a threat to Germany, France or the other EU economies. It would be different if an economy the size of Britain's was taking advantage of such a situation or trying to mould the rules to our own advantage. It is critically important to the City of London that we retain our membership of the EU.

Mr Stewart Jackson: The hon. Gentleman makes a number of assumptions about the likely ramifications of our leaving the European Union. Was that the basis on which he offered the voters of Cheltenham at the last general election a Liberal Democrat policy prospectus that included an in/out referendum? Yet, in the face of massive and irrevocable constitutional change today, he has resiled from that undertaking to his own electors.

Martin Horwood: I have resiled from no undertaking whatever. There is a great habit of selective quotation of the Liberal Democrat manifesto. The whole sentence said that we would offer an in/out referendum at a time of a fundamental shift in the relationship between Britain and Europe. That is why we supported a referendum at the time of the Lisbon treaty—I am not sure which way the hon. Gentleman voted on that, but I do not remember many Conservative Members coming into the Lobby beside us. Incidentally, we also supported a referendum at the time of Maastricht, and did not succeed then, either. If there is another fundamental shift in Britain's relationship with Europe, I fully expect us to support a referendum at that point.

Mr Jenkin: Is the hon. Gentleman merely another of those politicians who only promises a referendum when he knows that he cannot deliver it?

Martin Horwood: That is a lovely rhetorical line, but that accusation has been levelled at the Liberal Democrats on many fronts, and yet we find ourselves in government and sticking to the letter and the spirit of our manifesto on a whole range of issues. *[Interruption.]* I opposed the increase in tuition fees and think that we ought to have stuck to that policy, too. We have, however, certainly delivered on the pupil premium and a whole range of things, such as taking many of the lowest paid out of taxation altogether or developing the green economy, and we will stick to our pledge on the European Union as well, which is to act responsibly and to propose referendums when it is appropriate, which will involve a wholesale examination of the relationship of nation states to the European Union. That is not happening at the moment, because we are looking at an economic crisis in which the eurozone countries face a fundamental question about control of fiscal discipline. Germany, quite reasonably, is saying that, in return for any shift towards, for instance, the European Central Bank acting as a lender of last resort, some process of fiscal discipline that is rather stronger than the one that has operated inside the eurozone until now must be enforced. The other member countries, however, retain the choice whether to submit to that fiscal discipline or to plan some different future for themselves.

Mr Nuttall: On a specific point about the proposals that the Franco-German axis has come up with, is it not the case that if the eurozone had stuck to the rules that already govern it, it would not be in the mess that it is in today? It is in a mess, because no one was enforcing the rules.

Martin Horwood: I surprise myself again by finding myself in agreement with that statement. I completely agree with it. That was one of the weaknesses of the euro's establishment and the stability mechanism surrounding it. It is precisely the sort of weakness that the eurozone countries must now address, and I think they clearly understand that, too. I suspect that some member Governments—Greece may be one—deeply

[Martin Horwood]

regret having entered such a relaxed arrangement without the sort of fiscal discipline that was needed to make it work. That is probably common ground among people of all parties in many different countries.

The important message for Ministers going to the European Council and for the Prime Minister is that British national interests are at stake in the process, but that we can serve them best by acting positively and collaboratively and by taking an approach based on co-operation, not confrontation. As I have said, it is not always necessary to confront people to achieve shifts in responsibility to national level—we have seen that with regard to small businesses, and we may see it with regard to fisheries—and we must develop that sort of grown-up approach to EU politics, not a constant obsessive, confrontational attitude.

When it comes to talking about the Prime Minister's position being comparable with that of Neville Chamberlain, and therefore implying that in some way our European partners are comparable to the Nazis—*[Interruption.]* I am sorry, but if the Prime Minister is Neville Chamberlain, who is he getting the piece of paper from? Such language in this debate has been deeply offensive. It is unworthy of this Parliament; it is unworthy of the Conservative party; it is profoundly insulting to the Prime Minister; and it is exactly the sort of xenophobic rhetoric that risks discrediting this country and deeply damaging our national interests.

3.52 pm

Mr John Baron (Basildon and Billericay) (Con): It is a pleasure, Mr Turner, to serve under your chairmanship. I congratulate my hon. Friend the Member for Harwich and North Essex (Mr Jenkin) on orchestrating this debate. I will make my comments relatively short, because I am conscious that other hon. Members wish to speak. Having said that, I believe that the EU summit is a defining moment, and a once-in-a-lifetime opportunity to create a better relationship with the EU. I sincerely hope that the Prime Minister seizes that opportunity and seizes the moment.

[Mrs Anne Main *in the Chair*]

It is my belief that we need a fundamental renegotiation of our relationship with the EU, based on free trade, competitiveness and growth, and not political union and deadweight regulation. That is a relationship that other countries enjoy. One is not speaking of utopia or a textbook theory. Other countries enjoy such a relationship. For example, Switzerland has meaningfully good relations with the EU and trades with it freely, but it is not weighed down by political regulation and moves to ever closer political union. Such a relation reflects the fact that in 1973, and then in 1975, the British people voted for a free trade area and not political union. It reflects the fact that people generally are fed up with mindless interference from the EU. It reflects the fact that businesses, particularly small and medium-sized enterprises, are fed up with regulation, some 90% of which comes from Brussels.

Such a relationship would reflect the fact that taxpayers are fed up with the increased cost of the EU. If one takes into account the diminishing rebates, the budget will come to around £40 billion over the next seven years. That would pay for a 6p cut in small business corporation tax in each of the seven years. My goodness, would that not be the spur for growth that we all want and are wishing for? I also believe that such a relationship would reflect the fact that this Conservative party—my Conservative party—is fed up with promises to rein in the EU, when very little has happened over the almost 40 years that we have been a member.

I am slightly more sceptical than most that we can work the repatriation of powers. There has been a lot of talk about that, but our history in repatriating powers has not been good. Let us take the working time directive as an example. We all remember the great hullabaloo about the importance of extracting the opt-out from that directive. It will be no surprise to hon. Members here that that directive was reintroduced through the back door. What are we doing now, before the summit? Once again, we are talking about repatriating powers such as the working time directive. If my memory serves me correctly, that power was supposed to be repatriated some time ago.

Mr Jenkin: The problem is that the word "repatriation" is open to confusion. The basic principle of the EU legal system is that powers cannot be repatriated. There is a judicial doctrine—the doctrine of the occupied field—and once member states have delegated a power to the European Union, it cannot be recovered. There is no mechanism for doing that, which is why we need a fundamental change in our relationship with the European Union to address the fundamental problem. The problem is the treaties.

Mr Baron: As I said at the start, I do not buy the repatriation of powers. I want a fundamental renegotiation of our relationship with the EU based on free trade, competition and growth. Such a renegotiation would recognise the fact that we want good relations with our EU neighbours, and we want good trade relations in particular, but we recognise that we need to engage better with the faster-growing economies throughout the world. In many regions of the world—those of the BRIC economies—growth rates are so much faster. This is not a little Englander approach; it is a globalist approach that recognises that we need to engage better with those faster-growing areas.

Mr Philip Hollobone (Kettering) (Con): I am hugely enjoying my hon. Friend's speech; he is making some excellent points. Does he agree that in 1980 the EU's share of world trade was some 30%, but by 2020 it is likely to have fallen to 15%? In other words, it will have halved over a period of 40 years, yet we find ourselves increasingly brought together with part of the world that will grow more slowly than the BRIC economies.

Mr Baron: My hon. Friend makes an excellent point. There is much talk of Germany winning market share, but one forgets that Germany has benefited from an artificially weak currency, to which the periphery nations have contributed. Germany has had a very strong manufacturing base allied to a weak currency, which has made for heady growth, but if we take Europe as a whole, it is falling behind. Many people do not recognise that.

I worry that the Government have ruled out the idea of a referendum. I think that is a mistake as we go into a summit, because it cuts off a key negotiating ability. I also worry that we seem to be saying we do not want a two-speed or two-tier Europe, but on the other hand we are trying to join in the chorus of "we must save the euro", which can only mean closer fiscal union, which can only result, as Angela Merkel has readily acknowledged, in a two-tier, two-speed Europe. It is nonsense and a contradiction. Anybody who believes that closer fiscal and political union will not fundamentally or materially affect our relationship with the EU is living in cloud cuckoo land.

Before I finish, I will attempt to knock down one or two myths surrounding the debate. The first myth is that we must save the euro. In my 15 years in the City running hundreds of millions of pounds for charities, pension funds and private clients with some very large fund management groups, I have never heard so much economic clap-trap. The whole concept to begin with was flawed. The idea that we can bind divergent economies into a single currency without full fiscal union was and remains a mistake. Not only the concept but the solution is flawed. The problem is that we are not addressing the core issue of competitiveness. We have Governments spending too much relative to their means.

This recession, unlike all other post-war recessions, is built on debt. It is a deleveraging, not a destocking, recession. Accordingly, we have to grow our way out of that and reduce our debt. We cannot, as we all know, borrow our way out of debt. The solution does not fit, so I am not convinced that the solution put forward by the present eurozone leaders will work, anyway. However, let us give them the benefit of the doubt. Let us say it buys time. The problem is that by cutting off the option of devaluation—put that and the fact that the solution does not fit to one side for a second—even if it buys time, we are making the austerity packages much worse.

I have previously broached the fact that there have been some 80 situations in which countries have left currency unions since the second world war and have benefited from the growth that has followed. We saw it in our own case when we exited the exchange rate mechanism. By binding countries into a single currency, we have to make the austerity packages more severe, because we are ruling out the option of devaluation, which would increase competitiveness. The eurozone leaders do not seem to understand that. If there was an orderly break-up of the euro, certainly for the periphery nations, the Germans would still want to sell their cars and the French their wine. Believe me, life would go on.

Many say that the banking system could not survive the write-off of the debts. That point was made earlier. However, the markets have already discounted the debt in many of these countries by 60%. It would not come as much of a shock if there was a 50% write-down. In many cases, that would represent a 10% uplift by the banks themselves. This is an economic point that has not been widely acknowledged and accepted. The markets have already downgraded the debt, so this will be a downgrade instituted by politicians. Look at what the markets themselves are telling us.

Nobody has been able to quantify or substantiate why it would create economic mayhem if we did not save the euro. Siren voices also suggested that if we left the ERM something similar and awful would happen. Actually, almost to the day, our economic recovery kicked off.

Finally, if the eurozone wants to crack on and create closer fiscal union, that is fine. That is not, or should not, be mutually exclusive to our objective of wanting to negotiate a different and fundamentally new relationship with the EU. They are not mutually exclusive. Many commentators seem to suggest that by wanting to renegotiate the relationship, we are breaking up or being awkward about what the 17 eurozone members want to do. That is not the case. If they want to take that path, it is up to them, but their taking that path should not restrict us.

4.3 pm

Sitting suspended for a Division in the House.

4.18 pm

On resuming—

Mr Baron: I will keep my conclusion brief. It is often said that now is not the right time to renegotiate our relationship with the EU, but we have been told that for almost 40 years. If this is not the right time, when will be? The idea, perhaps, is that we will somehow renegotiate a new relationship after the crisis, but as I have said, our track record on doing such things is not good if one looks back over the past 40 years.

We are at a defining moment, and we need a fundamental renegotiation of our relationship with the EU based on free trade, competitiveness and growth—just like that enjoyed by other countries such as Switzerland—and not on the political union and dead-weight regulation that is harming this country and making it far less competitive than it should be. We are not paying our way in the world, and we need to fundamentally readdress the whole situation and create a new relationship. Now is an ideal time to do that. Growing elements in Parliament know that, as do people outside this place. My hope is that the Government, and particularly the Prime Minister, will now understand that as well.

4.19 pm

Mr William Cash (Stone) (Con): I congratulate my hon. Friend the Member for Harwich and North Essex (Mr Jenkin) on securing this extremely important debate. It is a substitute for the debate that the European Scrutiny Committee has insisted should be held on the Floor of the House, but which has been declined by the Government so far.

Mr Hollobone: I am looking forward to my hon. Friend's speech very much indeed. Would it not have been marvellous if the Leader of the House had timetabled an opportunity this week, perhaps on Wednesday afternoon, for the Prime Minister to hear hon. Members' views on what he should say at the European Council? Then he would have been able to jet off today to that summit with all the suggestions fresh in his mind. Instead, it was up to the Backbench Business Committee to timetable the debate for this afternoon.

Mr Cash: I agree. People were not listening back in the days of Maastricht and they are not listening now. That is the problem. I give special thanks to my hon. Friend

[Mr Cash]

the Member for Harwich and North Essex not only for this debate but for the consistency that he has shown since the days of the Maastricht rebellion, which I had the honour to lead all those years ago and of which he was a very important member. He was a new Member of the House and he understood the position immediately, as did my right hon. Friend the Member for Chingford and Woodford Green (Mr Duncan Smith) and a number of others who have remained in the House.

This is not only an historic question but a national question. The now absent hon. Member for Luton North (Kelvin Hopkins) mentioned Peter Shore and Bryan Gould. When I set up the Maastricht referendum campaign, it was hon. Members on the other side of the House, such as Peter Shore and Bryan Gould, who joined me in that campaign. We presented a petition, which many people may recall, of well over 500,000 signatures; in fact, we reckon that we got 700,000 signatures all told. The petition was deposited, calling for a referendum on the Maastricht treaty. I was delighted that my right hon. Friend the Prime Minister said only a couple of weeks ago that there should have been a referendum on that treaty. As one who was very deeply engaged in the whole of that process, from beginning to end—much to the dismay of those who have now, in my opinion, lost the argument—I believe that the necessity of knowing the views of the British people remains implicitly entrenched in the arrangements that are now coming forward and that therefore a referendum is essential.

I should now like to move on to the present time. I want to address the question facing us today in terms of the broad landscape. I wrote a pamphlet that was published in effect in this very room when we had a conference between the leading Eurosceptics and the leading Europhiles. It involved Charles Grant of the Centre for European Reform, Roland Rudd of Business for New Europe and a galaxy of others. Both sides regarded it as essential that we should get together and properly debate the questions on both sides of the argument with many of the best people from the two sides of the debate. In that pamphlet, I set out details that I will not go into today, but I say to those who are interested and who read the transcript of these proceedings that it is available. Indeed, the Prime Minister has written to me, saying that it is a substantial document and effectively, therefore, it has to be answered. He has said as much to me, and it does have to be answered. I assume that my right hon. Friend the Minister for Europe will do so in due course.

This is an historic turning point for both the country and the Conservative party. The dream of ever-closer union and, indeed, political and economic union has failed, and the root of that trouble is the fantasy world, which has persisted for so many decades, of trying to create economic and political union among so many diverse countries with diverse cultures, diverse economies and diverse democratic traditions.

Only today I witnessed Mr Barroso on the television screens berating everyone in the most dictatorial language. He was saying that everyone had to come together for the sake of saving this project. They themselves are responsible for having created it and they are now attempting to save it, despite the fact that the causes of the present discontent come from the creation of this project in the first place by the very people who are now berating everyone else.

I will go further and refer to two documents that I have just obtained. One is dated 6 December. It is Mr Van Rompuy's document, entitled "Towards a stronger economic Union". There is not one word about democracy anywhere in that document—the word "democracy" does not appear. Similarly, in the letter written to the President of the European Council—Mr Van Rompuy, no less—by Mr Sarkozy and Angela Merkel, there is not a single reference to the democratic question. There is not one iota, not one jot of a reference to democracy in either of those documents, yet they are demanding that this failed project be continued with greater—deeper—integration. All the mistakes that have been made in the past are being reinforced in the new arrangement, which clearly will not work. It did not work before and it will not work now. It is a tragedy—I say that—that we are in the current position. I trust that the Prime Minister will address that during the next 48 hours.

This is not some theoretical experiment. It is about the daily lives of the British people and about our democratic traditions and economic performance. The idea that a fiscal union of 17 would be stable is simply and emphatically wrong. It will concentrate and increase the dangers of centralisation and will be fundamentally unstable. Germany will not be able to bail out the other countries, and it is a complete strategic failure for people, including the coalition Government, to think that it can.

Germany of course wants to preserve the euro, because it is doing so well out of it. One has only to consider the foreign direct investment by the Germans in other countries, the extent to which those countries are in effect economic satellites of Germany and the fact that the structural funds—I have the figures from the Library—are so incredibly important in generating investment backed by German contracts in those other countries, from which they then repatriate the profits. This is actually a German economic hegemony. Equally, I do not think that the Germans are inherently hostile about this. I say what I say without any hostile spirit, but I do say that we have to be realistic. We are desperately at risk. The British nation is in peril under these arrangements.

Furthermore, the impact of this economic conglomeration in the hands of one country in particular has led not only, in effect, to the dismissal of two Prime Ministers, whatever their merits or demerits, but to the voting arrangements, which follow from the qualified majority voting system. I am talking about the number of votes that are available to Germany when it wants to pursue a policy, because of its influence and, in effect, its control over the countries in question, which are dependent on it. That is the case not only in the eurozone of 17, but in so many of the other countries, including—I say this without any disrespect for them, because I love these countries—Poland and Denmark. Then of course there are Bulgaria, Romania, the Baltic states, Hungary and so on. The truth is that that is inherently in German national interests. Indeed, we have to look only at what Chancellor Kohl had to say in the 1990s, which I have included in a pamphlet that I wrote, called "It's the EU, stupid", to see the political determination

behind Germany's desire to ensure that the euro survives. Angela Merkel is now using that very language in the same context.

I do not blame the Germans. I have said in this Chamber that I recognise the fact that to a great extent they have shown their commercial nous—they have taken advantage of the system to ensure that they get the best out of it. The organisation is not a European union, but effectively a greater Germany.

We, above all other countries in Europe, ought to recognise that we should defend our own interests—not, as I said, in a hostile manner, but in a realistic and down-to-earth manner. We ought to get across the message that there should be, inherent in the proposed arrangements, a fundamental change in our relationship with the European Union. We and, if I may say so, the Prime Minister, have an absolute duty to protect the national interest that he says he wants to protect; to ensure that there is fundamental reform in the European Union, which he called for at the Mansion house the other day, to generate the growth that we need, with our 40% of trade with the Union and to guarantee that we are not drawn into an arrangement by which, through a majority block vote, we are consistently outvoted and become completely and utterly controlled by the system. It just does not make sense, and I believe that the system will not work.

It needs to be pointed out that not only is voting power naturally going to Germany, with its economic investments—it is doing extremely well out of the system—but Germany believes that it can require countries to obey rules. That is a much deeper question, a matter of attitude. We cannot require countries to obey rules just because we prescribe them. That is where I think the whole philosophy and the attitudes in the Eurocracy and in Germany go wrong. As we have heard, the Germans themselves have not obeyed the rules on the stability and growth pact when it suited them not to. An inherent dishonesty lies at the heart of the arrangements: someone disobeys the rules when it suits them, but insists that the rules be obeyed when they can benefit out of those rules. That cannot be right.

Countries are made up of individuals and individual companies, which have their own ideas as to how they should be democratically governed. Those ideas do not by any means fit within the rules prescribed from above or the conditions that are imposed. The Eurocrats, Germany and those who go with it on the matter simply do not understand that the lack of democracy is a fundamental flaw in the entire European project.

Emma Reynolds: Is the hon. Gentleman not a little unfair in singling out Germany? Germany is obviously the largest country to have done quite well out of the euro, but other eurozone countries in the group of healthy economies are doing pretty well economically. It is slightly unfair of him to single out Germany.

Mr Cash: I do not think it is. If the hon. Lady investigates, as I have, German FDI into the other countries, and then looks at the countries that are growing, she will see that there is a correlation with the amount of money that the Germans have provided. I give them credit for doing so on good investment projects, but some of them have been bad, as in Greece. The growth in some of the countries is buttressed and underpinned by German investment. That is the problem.

Martin Horwood: The hon. Gentleman is making an interesting speech. If he was Nicolas Sarkozy—if he can imagine that—exposed as his economy is to Greek debt in particular, what would he do, if he is so critical of the proposed arrangements?

Mr Cash: First, there is a strong case for getting out of the euro, because that would enable countries to—*[Interruption.]* It is described as irrevocable, but I have news for the hon. Member for Cheltenham (Martin Horwood): treaties and laws have been passed for not generations but centuries, and there are more treaties and international relationships that have been reviewed and changed than he might have had hot breakfasts. When those things do not work, there is a good starting point for reviewing them. That is what we are doing now.

Mr Hollobone: My hon. Friend thinks that there may well be a move to establish a fiscal union of the 17 eurozone countries. If that is not possible, and if an agreement of the full 17 cannot be achieved, does he think that there could be a move to establish a fiscal union with a smaller number of eurozone countries to let some of the peripheral economies have some kind of orderly default?

Mr Cash: I think that the crisis is so great that that suggestion has to be taken on board seriously. I agree with the sentiment that lies behind that suggestion.

Mr Jenkin: I follow on the point about foreign direct investment that my hon. Friend made to the hon. Member for Wolverhampton North East (Emma Reynolds). It is interesting that Poland, which one might describe as a pre-in—it is not in the euro, but a pre-in nation state in the European Union—supports the German line. That is precisely because it is such a huge beneficiary of public subsidies arriving through the European Union, largely paid for by the German taxpayer, and because it is massively dependent on FDI. As a result it is effectively already a satellite state of the eurozone.

Mr Cash: We must understand that countries need investment. Therefore, in a sense, I am not critical about it. However, I know that the consequences of that are the reasons behind the problems presented to the Prime Minister tonight. There are dilemmas in the matter. I am not just being generous-minded; I understand that there is a triangulation, which is a problem.

I regard the Prime Minister to be, as it were, standing alone at the moment in a quadrangle that is surrounded by four 40 foot-high walls. On one side, he has the Euro-elite—Angela Merkel and Nicolas Sarkozy—and the Eurocracy. Another wall is the fact that he has to reduce the deficit, which he cannot do without growth, and he cannot increase growth without a viable European Union. Another wall is the Conservative party, not only in Parliament but in the constituencies, and the country at large. The final wall—I pay my respects to the hon. Member for Cheltenham—is the coalition and its ideas on the matter, which preclude repatriation and renegotiation—*[Interruption.]* The hon. Gentleman may say that, but we had it quite clearly stated.

Martin Horwood: Will the hon. Gentleman give way?

Mr Cash: I am not going to take an intervention, because otherwise we will be here all afternoon—we are going to be anyway. I simply make the point that the leader of the Liberal Democrats has been quite specific in saying that there should not be any repatriation.

Within the electorates of individual countries, decisions can be taken to improve economic performance, develop small and medium-sized businesses and remove burdens on business, but that is not the European method. We may be driven into the formula of the notwithstanding arrangements, which was endorsed by the European Scrutiny Committee report on sovereignty and Parliament, because if the situation is so critical, we may have to override European regulation. However, the European method has locked people, by unanimous decisions, into a European system that cannot be changed, other than by renegotiation, which is almost impossible, or by a notwithstanding arrangement of the kind I have mentioned. Such oppressive regulations and rules are based on theoretical assumptions, as with the Lisbon agenda and the 2020 agenda, which have failed. The result is no growth.

We need to move away from centralisation and integration and back to decision making by Parliaments in the United Kingdom and elsewhere on behalf of the electorates of every country, and also into an association of nation states by co-operating. The other alternative is not to remain a member of the European Union at all. We are reaching that kind of critical point. We may not have got there yet, but we are getting to it.

Effectively, there would have to be a European Free Trade Association-type arrangement, with countries co-operating for free trade, competitiveness and growth, as my hon. Friend the Member for Basildon and Billericay (Mr Baron) so rightly said. However, that arrangement would also have to be based on democratic consent and not exclusively on majority block voting arrangements. That would provide free choice in the marketplace and at the ballot box.

That is the route to solving the problem, not imposing economic prescriptions and rules that have already been broken in the past—invariably—and that will not be observed in the future, because we are dealing with people and not economic or theoretical machines. That is fundamentally the difference between the British approach, which favours freedom of choice, and the eurocratic and—I say this with respect—the Germanic approach, which is rule-based and completely different.

This week's meeting presents the Prime Minister with a historic moment, given the scale of the crisis, and it is essential that he takes the right path. We cannot have a fiscal union and be within the same treaty; that is a contradiction within itself. It is not a neat Russian doll; it is angular and impossible. Actually, it will not fit. A treaty within a treaty is a house divided against itself and because both are built on sand the result of going down this route will be even greater chaos, whether there are 17 or 27 countries involved. That is the problem and the European Court of Justice simply will not be able to deal with the overarching contradiction that those two competing arrangements provide.

Whether it is the eurozone 17 or the eurozone 27 that we are dealing with, the Prime Minister must recognise that the intentions expressed by the Germans and the French are to pursue a model that is entirely unsuited to the UK and that will create a fundamental change in the relationship between the EU and the UK. As I have said already, countries in the non-eurozone will vote for fiscal union, and that will be disastrous, not only with respect to the single market and how it affects the City of London but with respect to EU directives. I have looked at those directives, but I do not have time to go through all of them now. I simply say that there are literally hundreds, if not thousands, of directives in other areas of the treaty. For example, I have mentioned transport, but other areas include communications and energy—the list is endless. I have the list; in fact, the Library has provided it for me. It shows all those areas that are decided by qualified majority voting and the few areas that are decided by unanimity. The fiscal solidarity within the 17—or within the 27, if that is the way it goes—will use that QMV in all the areas, because that will be the new deal. So we are really in grave peril for those reasons.

I believe that the creation of another treaty within the framework of the existing treaties will deliberately target, for example, the City of London, and that is not just accidental. I remember saying before Mr Nicolas Sarkozy was elected—I say this with some respect to him—that he might prove to be a very dangerous president of France, and from our point of view that has been proved to be the case, much as I think he is looking after French interests. I cannot complain about that; we cannot try to defend our own interests and then say that the French should not look after themselves. The problem is the unreality—the Alice in Wonderland world—in which we are now living, where the French are allowed to renegotiate and throw down the gauntlet to us about what they want, but we are supposed to acquiesce and do nothing much about that. That is why this debate is so important and should be taking place on the Floor of the House.

The critical voting block against the UK will be extremely important. In fact, at the moment it is 213 votes to 130 between the eurozone 17 and ourselves. If it turns out that there is a eurozone 27, there will still be all the economic critical mass and consequently there will still be a voting arrangement against us. For that reason, we are in serious difficulties. Therefore I say that it is an illusion to imagine that that critical mass will not exist.

We also have to repatriate, although I have said repeatedly for months now—if not years—that the fundamental change in the relationship between the UK and the EU is the key question, because when we have got that right we can also address the question of repatriation. As my right hon. Friend the Prime Minister said in 2005 in the Centre for Policy Studies lecture, it is imperative that we repatriate social and employment laws.

Then there is the question of our current account deficit with the EU, which is minus £51 billion. That is up by something of the order of £35 billion or £40 billion in one year alone, and yet our trading surplus with the rest of the world is £15 billion. In other words, there is nothing wrong with our competitiveness; it is just that we cannot be competitive inside the European framework. Therefore we must deal with that issue too.

Effectively, that means that we must re-gear our relationships as a matter of fundamental foreign policy and economic policy. The Foreign Office and the Treasury, through No. 10, must re-gear our relationships with the rest of the world: with the Commonwealth countries,

including India; with the United States, of course, which is not part of the Commonwealth and which must be addressed in its own right; and with all the other countries, including Malaysia, South Africa and other African countries, and south-east Asian countries. All those countries offer huge opportunities and many of them operate on the basis of British commercial law and British contracts, adapted indigenously to provide the basis of their legal system and constitutional arrangements. We can be enormously optimistic about the future if we go down that route, not abandoning our trade with the EU, but ensuring that we get a proper balance in our relationship with the EU and putting the emphasis in the right place.

We are told that 3 million jobs are at stake in our trading relationships with the EU. Nobody is suggesting that we would not continue to trade with the EU, but the problem is that the other EU countries have no growth and our trading generates a deficit.

This issue is not just a technical question about Schengen, or otherwise; we must concentrate on the bigger landscape, which is the failure of the European project. It is also about our democracy and the individual electors who voted us into Parliament on the clear understanding that we would protect their interests. That is why a veto is necessary unless a renegotiation of our fundamental relationship with the EU, along the lines that I have described, is achieved, as well as the protection of our democratic interests and the rights of our constituents.

That is also why a referendum is required. The idea being peddled that a referendum is not required—leaving aside the issue of timing—because of the coalition agreement is wholly misleading. The coalition agreement is not law, and even section 4 of the European Union Act 2011, which I sought to remove from the original Bill by an amendment that was rejected by the Government, is not definitive in excluding a referendum where a new treaty or series of legal devices that have been put together has the effect of merely appearing to make provision for member states other than the UK. That is a matter of legal interpretation and we are by no means finished with it; indeed, I have a Bill coming forward in January that has been signed up to by six Chairmen of Select Committees and that will make that clear. But the important thing is that we engage in this debate.

The assumption that is being made at the moment—that we are unable to have a referendum because of section 4 of the 2011 Act—is wholly misleading. The constitutional position for a referendum, let alone the political and economic situation, is not clear-cut by any means, and it cannot override the fundamental principle, as set out in 1975 when a referendum was conducted, because the renegotiations in this instance involve a fundamental change in the overall relationship between the UK and the EU. A referendum is required, quite simply because the current proposals vitally affect the people of the UK. We must have a referendum—it is a matter of principle, honour and trust.

Mrs Anne Main (in the Chair): Order. Before I call Mr David Nuttall to speak, I will point out that there are three other Members who have attended the debate and who would also like to speak. I will be calling for winding-up speeches from about 5.10 pm. I call Mr David Nuttall to speak, and there are three other colleagues who may wish to catch my eye after him.

4.48 pm

Mr David Nuttall (Bury North) (Con): Thank you, Mrs Main, for calling me to speak. It is a pleasure to serve under your chairmanship.

I congratulate my hon. Friend the Member for Harwich and North Essex (Mr Jenkin) on securing this debate this afternoon. I must say, as others have already said, that I find it incredible that, at a time when—as we all know—there is very little Government business going through the House of Commons, time could not be found for this debate to take place in the main Chamber. But we are where we are and we need to deal with the issue of what the Prime Minister should seek to do at this week's European Council meeting.

At one level, European Union affairs are incredibly complex, with treaties, directives, regulations, protocols, opt-ins and opt-outs. It is all very confusing and legalistic. To be fair, it is very difficult for me, as a Member of the House of Commons with an interest in European matters, to follow the twists and turns of affairs in the European Union, so how much more difficult must it be for voters outside this House in their day-to-day lives? I say that without wanting to sound patronising. Politically, however, the issue is very simple: do we, as a country, want to continue with our present relationship with the European Union? Personally, I say, "No, we don't," and I believe that the overwhelming majority of the British people would also answer, "No," to that question. This weekend's European Council meeting presents a tremendous opportunity to start to rebalance the competences and powers between the European Union and this country.

Mention has been made of the danger of Europe developing into two groups, but we already have two groups. There are the countries in the eurozone and the ones that have not adopted the euro. We already have, if you like, a two-speed Europe, but I do not like to use that term, because it implies that countries that are going more slowly will sooner or later finish up in the same place as the ones going somewhat faster. It is right, however, to think of a two-tier Europe, with one Europe that is the eurozone, tied up in red tape and regulation, and looking only inwards, at how it can grasp ever more power. That is what we are seeing from the eurozone countries this weekend, and it is what we have already seen in the pre-meeting between France and Germany. They do not see the way forward as having less regulation, less bureaucracy and more freedom for nation states; they want to move faster towards the European Union's declared aim of ever closer union. They see this as a great means of speeding up the project and bringing everyone together more quickly, so that Brussels will have yet more control over the member states in the eurozone.

We must be honest with our European neighbours. The whole structure of the European Union is being looked at, so there is no better time for us to sit down with our European neighbours and say, "Right. Great. No problem. If you want to get on with ever closer union, that's fine. You crack on with it but, frankly, we don't want to go there. We prefer another path, from where we can look to the rest of the world. We want our companies to be able to compete in a global marketplace, not just arguing within Europe and trying to get by with all the rules and regulations that are enforced by Brussels."

[Mr David Nuttall]

There is no better time than now to put our cards on the table and say what we want back. We could all have our own ideas, perhaps a shopping list of individual opt-outs, or the excellent idea presented in his opening speech by my hon. Friend the Member for Harwich and North Essex that what we need, and what I think the vast majority of the British people would expect, to be brought back from this European Council meeting is an opt-out, to the extent that in the future this country ought to be able to say, "Thanks very much for this but, frankly, it's not suitable for the UK." That should be retrospective as well as prospective. We should be given back the right to look through the European legislation that has already been enforced and determine what is not suitable for this country.

One would think that this would be quite a simple idea, but because Germany and France are wedded to the ideal of ever closer union enshrined in the founding treaty, the very idea that a member state could start repatriating powers is anathema to those who believe in the European Union project and in ever closer union. It is more than an economic union to them; they want not just a single currency but an economic and political union, with the development of what will become, effectively, the united states of Europe. I believe that the vast majority of the British people do not want that. I entirely respect the honourable position that has been adopted for many years, particularly by our friends in the Liberal Democrat party. That may well be why the party gets only 10% of the vote in opinion polls—I do not know—but it is nevertheless an honourable position. It is a small minority of the British people who think in that way, but it is an honourable position, and that is fine. It is great in a democracy that we have that other position, but I think that the vast majority of the British people want a much looser arrangement of our position within the European Union, and what better time to start than now? This weekend is the time to start renegotiating our position.

I know that other speakers want to get in, but in my final couple of minutes let me deal with the question of a referendum. My hon. Friend the Member for South Northamptonshire (Andrea Leadsom), who is not in her place, said that she thought that the Prime Minister had a strong hand. I agree that he does, because if others wanted us to not use our veto he could say, "Well, okay, I won't use the veto provided I can have this, this, this and this." However, how much stronger a hand would our Prime Minister have if this country had held a referendum of the sort we discussed on 24 October? If such a referendum had already been held, the Prime Minister of this country could have gone to Europe and said, "Look, I have the backing of the British people in a referendum."

There has been much talk this afternoon about whether in view of the fact that we have the European Union Act 2011 it is right that there should be a referendum. I draw Members' attention to paragraph 48 of the explanatory notes to what was then the European Union Bill:

"a referendum would be required before the UK can approve the extension of any competence of the EU relating to: (i) the coordination of economic and employment policies; or (ii) the EU's common foreign and security policy."

If what is suggested by Merkel and Sarkozy is not the co-ordination of economic policy, I do not know what is. So surely that Government explanatory note gives us our right to demand a referendum on the outcome of the negotiations.

4.59 pm

Steve Baker (Wycombe) (Con): It is a pleasure to serve under your chairmanship, Mrs Main. I congratulate my hon. Friend the Member for Harwich and North Essex (Mr Jenkin) on securing this debate.

I confess that I was for a long time a great fan of the European Union. I was very pro-Europe and internationalist, as indeed I still am, but the Lisbon treaty caused me to look closely at the nature of the European Union. I do not have to find my own words for what I discovered the European Union to be, because I can quote, and I think I have done before, what the Prime Minister said in Prague in 2007, according to the BBC:

"It is the last gasp of an outdated ideology, a philosophy that has no place in our new world of freedom, a world which demands that we fight this bureaucratic over-reach and lead Europe into the hope and potential of a new, post-bureaucratic age."

Hon. Friends might have heard me use the last part of that quotation in my question to the Prime Minister yesterday. I agree fully with what he said in 2007, but have we not been dropped into an awful pickle?

I want to say something about the remorseless logic of customs union to complement what the Chancellor has said about the remorseless logic of monetary union. It seems to me that the founders of the European Union were absolutely certain that they wanted peace and prosperity, so they set up a customs union and a free trade area between nation states. However, the problem was that those nation states were interventionist.

The argument runs as follows: economic intervention requires a territorial monopoly on the use of force. If capital and labour are not to move as a result of such interventionism not meeting its stated aims, that promotes protectionism and capital controls. In turn, that promotes autarchy as nation states struggle to provide everything for themselves in the face of their own barriers, which then promotes expanding borders. In the European Union, we find a customs union with trade barriers around it and a tendency to keep trying to expand. The ultimate outcome of that direction of travel is said to be militarism. I do not claim originality for that argument; it is set out in great detail in a book called "Omnipotent Government: The Rise of the Total State and Total War" by a classical liberal political economist, Ludwig von Mises. He was an interesting man, an Austro-Hungarian Jew who predicted the collapse of the Deutschmark and the rise of political radicalism and then had to flee the Nazis.

I am very interested in that argument. It is the inevitable direction of travel of an interventionist customs union. The crux of the matter is that if the nations of Europe will not abandon their policies of economic interventionism, there are only two directions of travel: either a return to nation states, fragmentation, economic nationalism and all the frictions and difficulties that that will cause, as well as a tendency to promote militarism, which was the worst fear of the founders of the European Union, or, on the other hand, strict centralisation, a territorial

monopoly on the use of force and the raising of economic nationalism to the level of the customs union. That, in my view, is what the European Union has done. It is a terrible tragedy. While seeking to defeat economic nationalism, it has raised it to such a level that the continent is suffering what appears to be an imminent currency collapse.

In my view, everything is at stake this weekend. I encourage the Prime Minister to have the courage to believe what he said in 2007 in Prague, which was that the European Union is

"the last gasp of an outdated ideology, a philosophy that has no place in our new world of freedom."

I hope that the Prime Minister and my right hon. Friend the Minister for Europe (Mr Lidington) can lead Europe into the hope and potential of a post-bureaucratic age.

5.3 pm

Mark Reckless (Rochester and Strood) (Con): I pay tribute to my hon. Friend the Member for Harwich and North Essex (Mr Jenkin), who is not currently in his seat. I first met him 18 years ago as a UK economist for Warburgs, where we argued for Britain staying out of the euro. Warburgs invited my hon. Friend, who was then a new MP, to address a lunch of clients. He explained that we would be better off outside the euro. When a client asked, "But wouldn't that push up gilt yields, and wouldn't there be a risk premium for being out of the euro?", he said, "No. There would be more risk inside the euro. If we stayed out of the euro, in due course, gilt yields would fall below those of German bunds." That has now happened, and I pay tribute to him for his perspicacity on that issue.

My hon. Friend quoted from a TaxPayers Alliance piece that I found very helpful. It refers to a paper from 2004, which says that we should

"Change our relationship with the EU so that crucial powers are brought back"

and

"take back powers over trade, work and civil rights."

It states that the British people believe that:

"Giving away power in the hope of influencing the EU has been tried for decades and the EU just gets more power over British life and uses it badly. We should be taking back power, not handing more over."

Who was the author? My right hon. Friend the Member for Witney (Mr Cameron). Yet, going into the summit this weekend, we now hear that we can ask for only so much back—perhaps not much at all—because our priority must be to save the euro. Then we are told, rather contradictorily, that we cannot ask for too much back, because if we do, they will do it as 17 rather than 27. It cannot be both. In the short term, the only institution that can keep the euro ticking over—I fear it will be no more than that—is the European Central Bank, by printing money and buying Italian and Spanish bonds. Everything else is mood music for German public opinion, but what about our public opinion?

If the euro is to continue, the fundamental issue is competitiveness. Within the euro, the only way to deal with Germany's overvaluation on competitiveness—it is 30% or 40% better than Italy or Spain, perhaps even more compared with Greece—is to have a significant and sustained period of inflation within Germany. If Germany will not accept that, the only way that peripheral Europe can be priced back into competitiveness with Germany is by a break-up of the euro. I believe that it would be better for that to happen sooner rather than later. It is 18 months since we saw that Greece could not pay its debts, yet it has been patched up, and we now risk throwing good money after bad to keep things going, when it is the euro that is preventing growth in Europe.

I do not dispute that a break-up of the euro will be damaging in the short term, but within two or three years, I believe that growth within Europe will be stronger after a return to national currencies than if we try to keep the euro going. My hon. Friend the Member for Stone (Mr Cash) discussed Germany repatriating its profits. The individual German company can repatriate profits, but Germany as a whole cannot, because Germany has used the euro as the latest manifestation of a system—it started with Bretton Woods, then the snake, then the exchange rate mechanism—to keep its currency artificially low, so that it exports vastly more than it imports. As a result, Germany must recycle its assets into sub-prime US mortgages or Greek Government debt. Only after Germany stops depressing its currency through that system will we come back into balance, and countries such as Greece, Portugal, Spain and Italy will be able once more to compete with Germany. We should focus on that during the summit.

The Prime Minister is going to the summit, and we will see what powers, if any, he seeks to bring back, but it is clear that there has been a fundamental change in the UK-EU relationship. Page 63 of the Liberal Democrat manifesto said that in such circumstances, there should be a referendum of the British people to decide whether we should stay in on those terms or whether, as I would like, we should again be an independent country trading with Europe but governing ourselves.

Mrs Anne Main (in the Chair): I have a correction. I will call the Opposition Front-Bench spokesperson at 5.12 pm.

5.7 pm

Mr Philip Hollobone (Kettering) (Con): I believe that my constituents in Kettering see this weekend's summit as a once-in-a-lifetime opportunity to renegotiate Britain's relationship with the European Union. I also believe that they want me to state that they want their say in the future of our country's relationship with the European Union through a referendum at the ballot box. It would be a huge credit to the Conservative party if we were to go to the country on any deal that the Prime Minister negotiates this weekend. It would expose the myths that we are being told by the Liberal Democrats about how in touch they are with popular opinion and would reveal once again the flaws in their manifesto. They seem increasingly to find ways to deny people a referendum on issues on which they promised them a vote.

My constituents in Kettering want us to be part of a common market. They want a free trade relationship with Europe and, increasingly, with the rest of the world, but the EU's share of world output is falling year by year. It was 30% of world trade in 1980, and it will be 15% by 2020. Periodically, we all cut ourselves up about how important Europe is to this country, but we are increasingly tying ourselves to an economic bloc that is

[Mr Philip Hollobone]

going south, not north. The future of our great trading nation lies with the emerging economies such as Brazil, India and China, many of which are Commonwealth countries with which we have deep and close relationships that could be deepened ever further.

On what the Prime Minister should be demanding back from the EU this weekend, we could not have a debate on the European Union chaired by you, Mrs Main, without mentioning the habitual residency test. The Secretary of State for Work and Pensions has said that the European Union is trying to overturn the United Kingdom's rules on benefits to benefit tourists. This country refuses to give them benefits if they do not pass the habitual residency test, yet the European institutions are trying to overturn that regulation at a cost, according to the Government's own figures, of between £2.5 billion and £5 billion every year. That is one thing to demand back from Europe.

My constituents would also like the Prime Minister to demand back control over our borders once again, because they are fed up with the mass immigration from the European Union on to our shores. We want our fishing grounds back and our agriculture policy back. Above all, we do not want to spend more and more each year on our membership subscription. In the last five years of the previous Labour Government, the membership subscription was some £19 billion. At the end of this coalition Government's five years—should they last that long—it will be £41 billion. The cost of our membership has doubled as the red tape coming out of Brussels increasingly strangles the ability of British business to create the wealth that pays for our subscription in the first place.

This is a wonderful opportunity for our country. I hope that the Prime Minister has the courage to seize this golden opportunity to restate Britain's relationship with the European Union and to create a brighter relationship not only for the EU but for Britain outside it.

5.11 pm

Emma Reynolds (Wolverhampton North East) (Lab): It is a pleasure to serve under your chairmanship, Mrs Main, and I congratulate the hon. Member for Harwich and North Essex (Mr Jenkin). We might not agree on all the detail in relation to this debate, but I agree with him that the seriousness of the situation calls for time in this Chamber to discuss the European summit. The pre-summit dinner is only a couple of hours away, but it would also have been useful if the Prime Minister had been invited to last night's dinner organised by the centre-right European People's party, at which Chancellor Merkel, President Sarkozy, President Barroso and many other centre-right leaders—unfortunately, most European Union countries have centre-right Governments—were present. Unlike his centre-right equivalents, however, the Prime Minister was not invited, which is a shame.

Mr Jenkin: May I point out that if we had a Labour Prime Minister, he would not have been invited either?

Emma Reynolds: The hon. Gentleman makes a valid point. When we were in government in 1999, 11 out of 15 Governments were on the centre-left and we attended such meetings, which proved very useful indeed.

I respectfully beg to differ with those hon. Members who have said that the Prime Minister has a strong hand in the negotiations. Last Friday, the Prime Minister was relegated to a quick sandwich lunch with President Sarkozy in Paris, without the inclusion of even a press conference in the programme. The French press hardly noticed that he was there. Given that we are one of the largest economies in the European Union and used to be at the heart of its decision-making, it is incredible just how isolated this Government have made the UK. Today's *New York Times* leads with an article that says that the UK is merely a "bystander" at this European Union summit. That is not in the national interest.

The past few days have served to remind us how the Conservative party likes to debate the European Union and of—perhaps this is a point of nostalgia for some—the long, tortuous and, in some cases, destructive history of the division in the Conservative party on the EU. It is worth remembering the context of the Prime Minister's current position and the labyrinthine trajectory he took to get there. In his bid to secure his party's leadership while in opposition, he promised to withdraw his MEPs from the centre-right European People's party, but they still sit in the European Parliament with the same group, which the Deputy Prime Minister has called

"nutters, anti-Semites, people who deny climate change exists and homophobes".

After becoming the then leader of the Opposition, the Prime Minister told his party to stop "banging on about Europe", because he hoped that the issue could be put to one side and ignored. How wrong he was.

I say to this Government that, for a year, they ignored the impending crisis in the eurozone. It was only recently that they stopped being asleep at the wheel and woke up to the seriousness of the situation. Six weeks ago, we saw the unedifying spectacle of nearly half of Conservative Back Benchers defying the Prime Minister's three-line Whip and voting for a referendum on our membership of the European Union. During that same debate six weeks ago, the Prime Minister said that he wanted to repatriate powers from the European Union. He reiterated that demand last month at the lord mayor's banquet and declared himself a sceptic who wanted a European Union that was a network, not a bloc, while in the same breath extolling the benefits of our membership and demanding a say at the top table.

Mr Baron: It is rich for the hon. Lady to criticise the Prime Minister, because when her party was in government, it not only sacrificed the rebate that had been negotiated, but oversaw the transfer of swathes of power to Brussels. The list of measures that she is highlighting runs very shallow with those who remember when her party was in government.

Emma Reynolds: I say to the hon. Gentleman that, when my party was in government, we were not isolated in the European Union. The previous two Prime Ministers had a good relationship with both the French President and the German Chancellor, and such a relationship is very important to our national interest.

Martin Horwood: Will the hon. Lady therefore congratulate the Under-Secretary of State for Business, Innovation and Skills, my hon. Friend the Member for Kingston and Surbiton (Mr Davey) on his co-operative

approach to lifting onerous accounting rules for the smallest businesses? Her Government did not manage to achieve that co-operative approach.

Emma Reynolds: I agree that a co-operative approach is needed and that we need to constructively engage with our European partners. When you go to a European summit, you get what you want not by banging on the table, but by the power of your ideas and the strength of your alliances. *[Interruption.]* Government Members may laugh, but my right hon. Friends the Members for Kirkcaldy and Cowdenbeath (Mr Brown) and for Edinburgh South West (Mr Darling) showed at the London G20 summit in 2009 just what you can achieve by the power of your ideas and the strength of your alliances.

Mr Jenkin *rose—*

Mrs Anne Main (in the Chair): Order. Before the hon. Gentleman speaks, may I ask the hon. Lady to address the debate through the Chair? I have never been to an EU summit and have certainly never given away any powers.

Mr Jenkin: I remind the hon. Lady that, after the collapse of the European constitution, Tony Blair went to the European Parliament and said that the trumpets were outside the walls of Jericho and asked whether anybody was listening. Nobody was listening and we got the Lisbon treaty instead. There is no evidence that any Labour Prime Minister had any influence over the general direction of the European Union any more than we do now.

Emma Reynolds: I disagree entirely. When our party was in government, we were at the centre of European decision-making, and the truth is that we are not any more.

Six weeks ago the Prime Minister demanded repatriation of powers, yet yesterday, in a 1,000-word article in *The Times*, in which he set out his position for the European summit, he did not mention repatriation once. We agree that the priority should be given to providing a lasting solution to the eurozone crisis, because we think it is in the national interest, but we also say that Britain should have a strong voice in these negotiations. Unfortunately, because the Prime Minister has tried to face two ways on the issue—on the one hand placating his Eurosceptic Back Benchers and some members of his Cabinet, and, on the other, trying to have a realistic negotiating position with our European partners—the risk is that he will not deliver on either of those objectives. Whereas many Conservative Back Benchers demand repatriation, a split has emerged, not only in the coalition, but in the Conservative party, over the past few days.

Kate Hoey: Will my hon. Friend give way?

Emma Reynolds: I will not, because I do not have much time. The Deputy Prime Minister has said that attempting repatriation would be economic suicide, and the Mayor of London and two Cabinet members—the Secretaries of State for Work and Pensions and for Northern Ireland—say that the treaty change would inevitably lead to a referendum, whereas the rest of the Government seem to be saying something quite different.

The fact that the Prime Minister is leading a divided party while negotiating on Europe is very much weakening his hand. By facing two ways, the Prime Minister's position and the negotiating position of our Government are both confused and confusing. It is no wonder that our European partners are not entirely sure where the Prime Minister stands. It is clearly not in our national interest to have that weak voice and to stand on the sidelines. Splendid isolation is really not that splendid. The fact that we are in the slow lane of a two-speed Europe might chime well to the Eurosceptic ear, but, essentially, it could mean that other member states will take decisions that affect us without our being at the table.

I say to the hon. Member for Bury North (Mr Nuttall) that it is wrong to assume that eurozone members all agree on which direction they want to take regarding better economic co-ordination, because the French Gaullois tradition is an intergovernmental one that is very hostile and suspicious of supranational institutions. There are disagreements within the eurozone countries. We should not just assume that France and Germany agree on these issues.

If the eurozone crisis continues to deepen, it will have serious implications for jobs, businesses and banks in the UK. Our economy is closely entwined with the other 26 members of the European Union, and more than half our trade goes to those countries. Our banks are also extensively linked and exposed to eurozone banks, so it is clearly in the national interest for a solution to be found at the summit. Labour Members want the Government to push for a greater and more decisive role for the European Central Bank and a credible crisis fund with, of course, built-in conditionality. The so-called six-pack package goes a long way to creating credible rules and procedures to enforce those rules, but it is clear that a solution must also be found to tackle the balance of payments and trade imbalances, which several hon. Members have mentioned, between the different eurozone member states. It is also very important to enhance the competitiveness of the weaker economies.

In winding up, I would like quickly to ask the Minister a couple of questions. Why did the Prime Minister promise repatriation of powers six weeks ago and then suddenly drop those demands yesterday? What resources in the Foreign and Commonwealth Office were given to working through options on repatriation, or was that always a matter of rhetoric rather than something really considered in the corridors of King Charles street? Why have the Government been so complacent about the emergence of a two-speed or multi-speed Europe, and what specific reassurances are the Government asking for with regard to the City and the single market? Are the Government seeking, for example, an emergency brake to be extended to the area of financial services? Finally, are the Government hopeful of a fairly rapid treaty change, and what are the risks to the UK and the rest of the EU of a prolonged process of treaty change and ratification?

In conclusion, we want to see the eurozone succeed, because it is clearly in the national interest that a solution is reached. It is not in the national interest to engage in "I told you so" arguments or schadenfreude, nor is it in the national interest for the governing party and the coalition to be so divided on this issue.

[Emma Reynolds]

Our European partners are left scratching their heads about what the Government's position really is. The Prime Minister should never have promised repatriation of powers, if it was never his intention to deliver on that promise. His promise has entrenched and deepened divisions in his party, as we saw today and yesterday at Prime Minister's questions.

That is no way to negotiate with our European partners. Our country demands and deserves better leadership, and only then will the Government be in a position to effectively pursue the national interest and start being part of the solution rather than part of the problem. Division, isolation and weakness are, in fact, a betrayal of the national interest. My concern is that the Prime Minister will not be able to deliver on even the modest demands that he has set out because of his isolation.

5.24 pm

The Minister for Europe (Mr David Lidington): I congratulate my hon. Friend the Member for Harwich and North Essex (Mr Jenkin) on securing the debate. While the debate was going on, I was thinking that he and I have known each other for more than 30 years. Although it is fair to say that we have not always managed to agree on political subjects, I have never had any doubt whatsoever about his integrity or his patriotism. I pay tribute to him for the way he put his case today.

We are, indeed, in the rather unusual position of debating a meeting that is about to start and that, to judge from what President Van Rompuy said on Monday, may well go on for many hours after dinner tonight and into tomorrow morning. I therefore need to preface anything I say with the caveat that events may overtake us. I will also be quite straight with hon. Members and disappoint the hon. Member for Wolverhampton North East (Emma Reynolds) by saying that I am not going to go into detail about the Prime Minister's negotiating position. The only people who would benefit—indeed, who would be delighted—by a full disclosure of the Prime Minister's negotiating tactics would be the Governments of other countries represented around the table, who might not necessarily share identical negotiating objectives.

I want to try to respond at least to the broad questions raised during this debate. I certainly agree with everybody who has said that the British Government have a duty to be vigilant and to defend vigorously the national interests of the British people. As the Prime Minister made very clear yesterday, we will support the objective of securing fiscal discipline in the eurozone, but not at the expense of either our industries or our independence. The crisis in the eurozone is forcing the European Union and the eurozone 17 in particular to confront fundamental choices. It matters hugely to the United Kingdom that the eurozone is successful in sorting out its problems.

One point on which I agreed with the hon. Member for Wolverhampton North East was the interconnection between this country's economy and the economies around the wider Europe. Many of the statistics are well known. The eurozone accounts for roughly 40% of United Kingdom trade, and its stability matters globally. Around 15% of United States trade is with the eurozone and one can measure the concern of the United States Government by the fact that the Treasury Secretary, Mr Geithner, was dispatched on rapid visits to Paris and Berlin earlier this week.

The hon. Member for Luton North (Kelvin Hopkins) talked about wanting an orderly deconstruction of the eurozone, which was far too sanguine. He slightly skated over the fact that in every conversation I have had with Ministers of any of the 17 Governments of the eurozone, they have said that they are committed to keeping the eurozone project going. In addition, as far as one can tell from opinion research, the populations of those countries still consider the euro to be an essential part of the national interest of their country. Hon. Members may think that those views are misplaced, but they are the views of the countries that have chosen to join the euro, and, ultimately, we have to respect their sovereign decision.

What I am clear about is that the instability in the eurozone is already having what the Chancellor has described as a "chilling effect" on the United Kingdom's economy, and a collapse of the eurozone or a prolonged recession in the eurozone as a result of financial instability persisting will be thoroughly bad news for jobs and for hopes of economic growth in our country. It is not only important but urgent to try to sort out the problems of the eurozone. As a number of hon. Members have said, many of us argued from the start that there were flaws in the way that the euro had been designed and that it seemed illogical to have a currency union and a single monetary policy and interest rate without some common agreements and structures in place to govern wider economic and, in particular, fiscal policy.

We can argue that those problems should have been tackled at the start and that the warning signals should have been read when countries breached the stability and growth pact and no action was taken, but we are where we are. I certainly believe that there is a sense of real urgency and of peril among serious-minded leaders of other eurozone countries. They are now speaking in terms of an economic catastrophe that will spread much more widely than the single currency area if this instability is not resolved, and resolved swiftly.

Mr Baron: My right hon. Friend is of course right. In the history of the world, there has not been a monetary union that has worked that has not also had to include fiscal union. It is fundamentally flawed. What is more important now is not history but the future. I suggest to my right hon. Friend that perhaps the one reason eurozone leaders are so passionate about the euro is that it is part of a political project for political union, and that they are therefore overegging the economic consequences. Where history can also help us is to remind us that since 1945, as I have highlighted—there has been no riposte from the Minister on this point—we have had 80 instances in which countries have left currency unions. The vast majority have benefited in growth terms from having left a currency union. I suggest to the Minister that he should think carefully. Perhaps the motive of these eurozone leaders is that they see the euro as a weapon that is crucial to political union.

Mr Lidington: My hon. Friend makes a perfectly sensible point about the fact that other countries have departed currency unions since the second world war.

It is fair to say that we have not had such a break-up of a currency union on this kind of scale, with economies that are so closely integrated, and in an age when information and capital can be moved rapidly, not just in national jurisdictions but globally, at the click of a computer mouse. Studies that I have seen say that it would be much, much more damaging and risky for the eurozone to break up, particularly if it broke up chaotically, than it was for some of those other currency separations, such as those of the Czech Republic and Slovakia. Incidentally, Slovakia, having broken with the Czech Republic, then decided to enter the eurozone and has engaged in some challenging austerity and competitiveness measures in order to try to make a success of that commitment.

Where I would agree with my hon. Friend is that this has been seen, by those who took part, as a political project as well as an economic project. However, to an extent that we sometimes do not appreciate in this country, those political ambitions have a much greater resonance among the wider electorates in many countries on the continent of Europe than they do here. That is due to all kinds of historical reasons with which we are fairly familiar. I want to emphasise that the prime objective of the summit ought to be to sort out the issues that remain unresolved from the eurozone meetings of 21 July and 26 October. Whether we talk about the European financial stability facility, bank recapitalisation or the detail of the Greek write-down, there is detail that has yet to be finalised, and that needs to be addressed rapidly. So, too, does the need for competitiveness, not only in the peripheral eurozone economies but in the global context of the European Union as a whole. It needs to be embraced as a priority by every single one of the member states and the European institutions. If I have time, I will come on to that. There is some evidence that that challenge is starting to be recognised and addressed.

I accept too—I will make this point very briefly—that if eurozone countries choose to push forward with greater economic integration, there will be a democratic challenge as well. How are economic policies to be made democratically accountable? I accept that that is a challenge for those countries. It is clearly for them, as independent sovereign countries, to decide how they individually address that.

Many hon. Members raised the issue of possible treaty change, and the safeguards that the United Kingdom would require should the eurozone follow that path. Let me set out the options in broad terms. One way to introduce stronger rules for the eurozone, which of course would not apply to the UK, would be a change in the treaty governing all 27 members of the European Union. That would be the most comprehensive way to provide tough sanctions to ensure that eurozone countries stick to their own rules on debt. A second option would be to allow the 17 countries of the eurozone to create a separate intergovernmental treaty of their own. That has happened before, with the Schengen agreement on open borders and with the European stability mechanism. The 17 are free to do that again. The likelihood, however, is that the signatories to such a treaty would want to draw on the EU institutions that belong to all 27 member states to monitor and enforce compliance with any new rules on tighter budget discipline. In both instances, we would have the power of veto. Treaty change at 27 requires unanimity and, while the content of an intergovernmental treaty at 17 is a matter for the 17 signatories, it cannot cut across the provisions of the existing EU treaties, nor can it seek to use the EU institutions without the specific agreement of all the EU 27.

Mr Cash: My right hon. Friend, I am sure, recognises the extreme danger of creating a treaty within a treaty. I am sure he realises that that would be a house divided against itself, and catastrophic for our democratic system.

Mr Lidington: As I said earlier, this is not without precedent. I am not saying that this will happen, but it is an option that has been floated quite openly by a number of European leaders as a possible way forward. Just as there is a negotiation within the eurozone about the measures and mechanisms to enforce discipline, so there is a negotiation with us and fellow non-euro countries. In the course of these negotiations, whichever option is followed we will make sure that our interests are protected. Of course, there is another option, which is to use the existing frameworks and treaties. That option is still on the table.

In the debate, there has been extensive discussion of the repatriation of powers and a referendum. We need to remind ourselves that this is the first Government in British history to have introduced a legislative guarantee of a referendum. The European Union Act 2011 ensures that there is now a legal requirement on any Government to hold a referendum before any agreement on treaty change that transfers competence or powers from the UK to the EU. I have never pretended that the Act is a panacea. It does not address the issue of repatriation of powers and that was not its purpose. It is a guarantee.

There has been some suggestion from hon. Members that the UK should hold a referendum on any changes the eurozone countries may choose to make. I want to reiterate the point the Prime Minister has made on this issue. What the eurozone countries may or may not do is have arrangements between themselves that pool some of their sovereignty. To say that we have to have a referendum in Britain about something that other countries are going ahead with anyway would not only be a rather odd approach for us to take, but it would probably mean that those countries would choose to go ahead in any case but using purely intergovernmental means, however messy and unsatisfactory from their point of view such an alternative might be. That may well yet happen, but holding a referendum on such a treaty would not bring back a single power.

Personally, I could draw up a list of powers—we had the list in the Conservative manifesto at the previous election—that I think are better decided nationally than by the EU. However, we have to be ruthlessly focused on what is most important to our national interest and, at this time, in particular to our national economy. That is why our priority in the negotiations is safeguards to keep the single market fair and open for our most crucial industries, including financial services, to which my hon. Friend the Member for South Northamptonshire (Andrea Leadsom) made reference.

Kate Hoey: Is the right hon. Gentleman saying that none of the options that he has mentioned and that might happen is making any real change to our relationship

[Kate Hoey]

with the European Union? Surely the changes are fundamental and require the will and support of the British people in a referendum.

Mr Lidington: No. We do not know the shape, let alone the detail, of any agreement that might be reached over the next 24 hours or longer. The risk alluded to by a number of my hon. Friends, which perhaps lies behind the hon. Lady's intervention, is that of caucusing. The risk is that the greater economic integration of the 17, and of more countries over time as other member states join the euro, as is still their intention, will lead to caucusing on single market measures, so that the UK would in effect be presented with a "take it or leave it" option. That is certainly a theoretical risk and I do not want to pretend otherwise. The political reality, however, is, first, that that is not how the eurozone countries have operated up till now. We were given similar warnings when the United Kingdom took the decision to stay outside the euro when it was created, but those dire warnings have not been justified by the events of the years since.

Secondly, when I talk to Ministers from the other 26 member states, I find that neither the eurozone 17 nor the euro-out 10 are cohesive or monolithic blocs. Talking to Dutch, German—in particular—Finnish, Austrian or Irish Ministers, one finds that they all very much want the United Kingdom, with its championship of free and open markets and an outward-looking European Union, to be centrally involved in taking decisions. There is not that drive towards a caucus that a number of my hon. Friends fear.

Mark Reckless: Will the Minister give way?

Mr Lidington: I will not, I am sorry. I want to leave some time to my hon. Friend the Member for Harwich and North Essex, so I must conclude my remarks shortly.

I will write to those hon. Friends who have mentioned particular subjects, such as my hon. Friend the Member for Cheltenham (Martin Horwood) who spoke about energy. I assure my hon. Friend the Member for South Northamptonshire that we completely recognise the importance of financial services. A thriving City of London is an asset not only to the United Kingdom but to the European Union as a whole. We should go out and sell that case loudly and confidently. We have made it clear that, if a financial transactions tax introduced at EU level were to cost jobs and growth—that is on the basis of the Commission's own impact assessment—we would veto it. If others wanted to go ahead, foolishly, on the basis of an enhanced co-operation measure, that would be a matter for them.

It is clear that the next few days will be important for Europe. We head into the summit with a clear objective. Yes, we support the eurozone in sorting out its problems, but we will not sign up to fiscal discipline in the eurozone without safeguards and certainly not at the expense of our industries or our independence.

5.43 pm

Mr Jenkin: I am most grateful, Mrs Main, for the opportunity to make a few remarks in the last couple of minutes available. My right hon. Friend the Minister for Europe is extremely generous, as always, in letting me reciprocate. No one doubts the sincerity of his commitment to doing the right thing for his country as well as for the party and the coalition. I also thank my right hon. Friend the Member for New Forest West (Mr Swayne), who has patiently sat through the debate on behalf of the Prime Minister, whose gesture we appreciate.

May I be brutally frank? I hear the Government still in denial about the significance of what will happen. We will have a treaty of the 27 that will create a massive shift in the focus of power to the 17. The EU institutions will be concentrating on that and we will become peripheral, so we need a fundamental change in our relationship with the European Union to compensate for that change, not least because our existing terms of membership are already very damaging to this country's competitiveness, growth and job creation. At the summit, the United Kingdom should seek an agreement in principle—so that it does not hold the summit up—that renegotiation has to be on the table. If the Government cannot even obtain that at such a moment, they are not building a position from which to negotiate in future.

As for a referendum guarantee that does not actually guarantee a referendum, I have made my point about that Act of Parliament: it is not sufficient because it does not address our circumstances. The treaty change is without doubt significant and, if the Government want the British people to consent to it, they must inevitably concede a referendum or it will never be ratified.

5.45 pm

Sitting adjourned without Question put (Standing Order No. 10(11)).

Westminster Hall

Tuesday 13 December 2011

[Mr David Amess *in the Chair*]

School Sport

Motion made, and Question proposed, That the sitting be now adjourned.—*(Angela Watkinson.)*

9.30 am

Mr Gerry Sutcliffe (Bradford South) (Lab): It is a great pleasure to serve under your chairmanship, Mr Amess. I am delighted to have the opportunity to discuss an important issue that I feel passionately about.

It has been more than a year since the Government first announced their intention to dismantle the sports infrastructure put in place by the previous Labour Government to deliver our commitment to increase participation in sport and physical activity. It had a clear structure—the Youth Sport Trust was set up to deal with school and youth sport; Sport England was set up to deal with community sport through national governing bodies; and UK Sport was set up to deal with the elite level—and it was renowned around the world. It has also been more than a year since the Government announced that they were ending funding for school sports partnerships and scrapping ring-fenced funding for specialist sports colleges. Next Tuesday will be the first anniversary of the partial U-turn on school sport, when the Government were forced to introduce a hastily cobbled together package of funding.

Why did I call this debate? Twelve months on, the threat to the future of school sport has not dissipated. In fact, the cuts announced last year will devastate the national sport structure that was the envy of the world, and new threats have emerged within the past 12 months that have the potential to create a perfect storm for school sports.

The army of volunteers within our schools and sports clubs are getting on with making the best of a bad deal. We take that army for granted, but on their shoulders rests much of our country's sporting life. Those volunteers might not be the type to march on Whitehall, but they are still angry, confused and frustrated by the Government's seeming indifference to their work. Their voice deserves to be heard.

If we do not hold the Government to account at every step, we risk losing the massive strides forward that we have made over the past decade. There has been a fog of misleading statistics, reviews and cross-departmental hand-wringing. If we do not question and challenge the Government every step of the way, we will wake up one day to find that we have abandoned a generation of young people to substandard sport and physical education.

Why does it matter if our kids do not play sport or do PE at school? Children who play sports do not only benefit physically, because research shows that involvement in sport helps general educational attainment. Sport helps young people to develop self-discipline and to learn how to get along with others. Involvement in sport can help tackle antisocial behaviour and youth crime and overcome psychological problems and loneliness. It can also help to tackle problems of bullying in school and help youngsters with disabilities enjoy sport with other children. Furthermore, children get those benefits whether or not they excel at sport. They do not need to be part of the sporting elite, because merely participating makes children healthier, happier and better pupils. The present Government's policies threaten young people's chances to take advantage in school of the enormous benefits offered by participation in sport and PE.

We cannot have a debate about any aspect of sport, particularly sport and young people, without mentioning the 2012 Olympics and Paralympics. In Singapore six years ago, when London was awarded the games, we made a solemn commitment to the international community and to the people of this country that we would use the games to inspire a generation of young people through sport. It was a crucial element of London's bid and set us apart from our main rivals, Paris and Madrid. How can we be serious about that commitment if we dismantle the structures that will help us deliver it and send a message to our young people and our army of sporting volunteers that we do not value sport and are downgrading our commitment to sport in schools?

London 2012 has given us an once-in-a-lifetime opportunity to leave a lasting sporting legacy, not of stadiums and facilities, important though they are, but of a new generation of young people for whom sport and physical activity are an integral part of their lives. The Government should not have decided to drop the commitment to involving 2 million more people in sport and physical activity. However, it is not too late. The situation is not irretrievable, but the threats to school sport are so great and serious that Ministers must ask themselves how they intend to meet the commitments to ensure an Olympic legacy if they maintain their current course.

I was proud to serve as Sports Minister from 2007 to 2010. It was one of those jobs in government to covet. I was proud of what we achieved in those three years, but I was even prouder that we made sport a cross-departmental policy priority during our 13 years in government, and made massive progress in putting sport at the heart of Government thinking, especially through our investment in school sport and PE.

Let me remind Members of what we inherited when we were first elected in 1997. It is no exaggeration to say that school sport was in a dire situation. PE and competitive sport were often seen as optional extras, and many schools had substandard sports facilities, if any. What sport took place in schools relied almost exclusively on the good will of dedicated teachers, parents and volunteers. Only one in four schoolchildren took part in two hours of quality PE per week. Playing fields were too often seen by local authorities as development opportunities. An astonishing statistic and a damning indictment of the previous Tory Government's policy on education and sport is that between 1979 and 1997, 10,000 playing fields were sold for development. That is more than 10 every week for 18 years, which is shocking.

The new Labour Government acted quickly to rectify the situation. The School Standards and Framework Act 1998 introduced the toughest ever protection for school playing fields. Further legislation in 2004 made the sale of playing fields an option of last resort, and local authorities were compelled to use the receipts from any sales to improve existing sports facilities. In

[Mr Gerry Sutcliffe]

contrast to the 10,000 playing fields lost between 1979 and 1997, just 192 were lost between 1997 and 2008, and in the majority of those cases, although the playing field was sold, the site benefited from increased sports provision.

Our physical education and sports strategy, which was supported by £1.5 billion in funding between 2003 and 2008 and by a further £755 million from 2008, enabled us to put in place a network of 450 school sport partnerships. Partnerships were centred on specialist sports colleges, which were linked to local secondary and primary schools and sports clubs. By 2010, thanks to the work of the SSPs, 90% of pupils in partnership schools were receiving two or more hours of high quality school sport.

We hear much from coalition Ministers about competitive sport and how Labour supposedly did not prioritise it. I am sure that we will hear the Minister repeat misleading statistics on competitive sport and participation—I hope we do not, but I think that we might. The lead academic evaluator on SSPs criticised the Prime Minister for a

"selective use of statistics that ignore the tremendous improvement over the past decade".

Competitive sport was increasing under Labour. The number of children taking part in competitive sport, not just between schools but in schools, increased from 58% in 2006-07 to 78% in 2009-10.

Labour did not emphasise sports participation and physical activity because we were a Government of sports fanatics, although there are a few of us about. Sport was a cornerstone in tackling numerous key policy issues, such as obesity and related health issues, antisocial behaviour, educational attainment and citizenship. It was a genuinely cross-departmental priority. Interestingly, there was general cross-party consensus that Labour got it broadly right on school sport, and certainly cross-party support for school sport partnerships. There was no indication that Opposition parties had an alternative agenda.

Jim Shannon (Strangford) (DUP): I thank the hon. Gentleman for giving way and for focusing on a very important issue for local schools. Although sport and education are a devolved matter in Northern Ireland, the same principles apply. Does he feel that school sports should be twinned with the issue of diet control, obesity and eating habits? Does he feel that the issue is not just about getting fit, but about weight control, too?

Mr Sutcliffe: Very much so. I thank the hon. Gentleman for his comments. He will know about the statistics on obesity in young people and about the health risks. He is right that sport is an integral part of life skills. Not everybody can be a champion, and not everybody can be elite, but we can be the best that we can be. I do not look like a healthy specimen, but my own involvement in sport through the parliamentary football team, school sport, the friends that we make through sport and the life skills that it gives us, all show that sport is an integral part of what we should be trying to achieve.

Simon Hart (Carmarthen West and South Pembrokeshire) (Con): Of course, we all agree about the benefit of sport, but does the hon. Gentleman agree that it is about a bit more than that? It is also about getting kids out of classrooms—not necessarily on to a sports field—and into different areas of the great outdoors, which relates to the benefits that he has mentioned. That has been held up as a result of extreme regulation and red tape. Does he accept that the Government have made some progress in stripping away that red tape to get children from the classroom to the outdoors?

Mr Sutcliffe: I am grateful for that intervention. I understand the hon. Gentleman's premise in terms of getting youngsters outside. School sport was fairly stereotypical in that girls played netball and hockey, boys played football, rugby and cricket, and basically that was it. The previous Government were proud—the Government's misleading statistics come into play—of being able to widen the range of sports on offer. Mountaineering, canoeing, sailing, cycling and so on get people out into different environments. People who are not good at ball skills can get into cycling and other sports. We worked with those sports' governing bodies to develop this framework. I am sad that that seems to be being reversed. I do not think that that is irreversible, and it can be put right.

There was a cross-party consensus to see that delivered and developed. It was only after the election in 2010 that that consensus seemed to disappear. Labour's record was rubbished by Ministers as a justification for implementing a scorched earth policy promoted by the Secretary of State for Education, who is known to be hostile to the very concept of organised sport. The school sports partnership network, the cornerstone of school sports policy, was decimated to the astonishment of experts around the world all to save £162 million. The vast majority of that money had been spent on pupils in schools. It was seen as a world-class model and the shock throughout the sporting world was genuine. The director of community sport at the Australian Sports Commission said:

"I am absolutely devastated to hear of the cuts to the School Sport Partnership models. I am astounded that such an amazing and world-leading initiative has been lost to the communities they serviced."

Labour's then shadow spokesman for education, my right hon. Friend the Member for Leigh (Andy Burnham), begged the Secretary of State not to dismantle the SSP network. He even offered Labour support for a reduction in funding to SSPs, as long as the infrastructure was kept in place. I am afraid that his pleas fell on deaf ears.

Within weeks, the Government were forced into a partial U-turn because of an unprecedented backlash against their proposals—a backlash led not just by politicians, but by Olympians, sports bodies, sports journalists and the grass-roots volunteer army. What we got was a cobbled together set of announcements that still leave the future of school sport in jeopardy. SSPs and school sports organisers have been told not to expect funding beyond August 2013. Those cuts will effectively mean an end to the infrastructure that supports the school sport network at the very time that we should be seeking to increase activity in the run-up to next year's Olympic games and Paralympic games. What makes matters worse is that the Secretary of State has removed the need for schools to collect data on pupils' progress. That will make it almost impossible effectively to monitor future participation rates and the effect of those cuts.

The much heralded school games, the new flagship Government policy, in actual fact already existed in the guise of the UK school games, which were supported by Sainsbury's. The funding for the school games represents a massive 60% annual cut for school sport, which is well above the average for departmental cuts imposed as part of the austerity measures. Are we really saying that an annual competition, which is most likely to be of real value only for children at the elite end of their sport, is a replacement for a whole school sport network that improves the life chances of all children? This cobbled together funding has left school sport in disarray and left school organisers, clubs and volunteers with no idea about what will happen after 2013.

There is nothing wrong with competitive sport in schools. I speak as someone who spent a large part of my childhood, and indeed early adulthood, playing competitive sport. I completely understand the benefits of competitive sport, but competitive sport alone does not constitute a holistic Government policy towards PE in our education system. I will tell the Chamber why that is, and it goes to the heart of the problem. There is a fundamental lack of understanding about sport at the most senior levels of Government policy making. The Secretary of State for Education and the Secretary of State for Culture, Olympics, Media and Sport simply do not comprehend that successful participation in competitive sport can be achieved only by first mastering the basics of sport and PE. As the Youth Sport Trust has said, high quality physical education is essential for developing the necessary skills and confidence to participate effectively in competitive sport. Simply throwing all pupils into competitive sport, without first building what the Youth Sport Trust refers to as "physical literacy", is both unfair and unrealistic, particularly in larger schools. Current Government policy, with its fixation on competitive sport at the expense of all else, is building our sporting future on sand.

What of that future? Talk to people involved in grass-roots sport—in schools, clubs, community sports networks and the national governing bodies—and they will tell you that there is deep concern and confusion. I thank the national governing bodies that have been in contact with me—rugby league, rugby union, tennis and other sports—to talk about how their sports are helping the wider environment. Our sporting volunteer army and our dedicated PE and sports staff in schools are an innovative lot. They will be looking at ways of maintaining the networks that we created over the past decade to ensure that the enormous progress that we made is not lost. In many places, they will succeed. If they do, it will be because of the enormous dedication and passion of those involved. If they succeed, it will be despite Government policy, not because of it. However, I fear that in some schools and communities, school sport will cease to be a priority. As if they did not have enough to contend with, there are threats on the near horizon that could create a perfect storm for school and youth sport.

In January 2011, the Government announced a comprehensive review of the national curriculum. The review is likely to see a slimmed down curriculum for sport in schools. Although PE is likely to be retained as a compulsory national curriculum subject, there is no guarantee that the two-hour offer, never mind the five-hour offer, will be retained. A recent review of global policy in schools showed that all the countries it looked at provided PE time targets, following this country's lead. How sad and ironic will it be if, after leading the world on increasing children's participation in school sport, we abandon one of the key mechanisms by which that was achieved?

The national curriculum review will not be completed until September 2012. That creates more uncertainty for all those involved in school sport. Steve Grainger, the then chief executive of the Youth Sport Trust, in response to the review, said:

> "The quality and quantity of PE and school sport that is now being offered in schools has improved vastly in recent years. Ensuring it remains a vital part of the national curriculum will allow young people to continue to enjoy the many benefits that sport and physical education can bring."

I appreciate that the review is ongoing, but will the Minister outline current coalition thinking about exactly what a "slimmed down" sports and PE curriculum would look like? What assurances can the Minister give that the slimming down of the sports and PE curriculum will not lead to the Government abandoning the two-hour commitment?

The coalition Government's national planning policy framework will undo the protections for playing fields that the previous Labour Government put into place in 1998 and 2004. The Football Association stated, in its written evidence to the NPPF, that the proposals put "playing fields and facilities at great risk".

Are we going to see a return to the '80s and '90s, where playing fields were seen merely as development opportunities to be sold to the highest bidder? Will the Minister give a categorical assurance that measures contained in the NPPF and the Localism Act 2011 will not relax the restrictions on decommissioning school playing fields introduced by the previous Labour Government? Will he give an absolute assurance that the sale of school playing fields will be allowed only as an option of last resort?

What of the Government's free schools policy? How will the Government meet the sports and PE offer for pupils attending free schools? How can the Government remain committed to sport and PE, if they are willing to allow free schools to open in buildings where there is no space for outdoor recreation? Will the Minister give a categorical assurance that free schools will not be exempt from providing sport and PE as part of their curriculum?

As hon. Members can gather, it is a source of great personal sadness to me to see much of the work on school sport that we did in government undone in such a brutal and senseless fashion. That has been sanctioned by people at the top of Government, who have little or no understanding of the power of sport to change lives. What has happened particularly saddens me because, during my time as Minister for Sport, there was a general cross-party consensus about sport and school sport in particular. I worked closely with the then shadow Ministers—the right hon. Member for Bath (Mr Foster) and the hon. Member for Faversham and Mid Kent (Hugh Robertson), who was my successor as Minister for Sport—to ensure that sport was not used as a political football, if hon. Members will pardon the pun. Despite their public pronouncements, I cannot imagine that either of those hon. Members is personally happy with the Government's direction on school sport.

[Mr Sutcliffe]

Next year, London will host the largest sporting event ever held in Britain. That should be a catalyst for embedding participation, commitment and aspiration into a generation of young people. However, we risk losing that opportunity because we are sending out a mixed message to young people. We tell them, "Get involved and participate," but we are taking funding away from them and from the networks that facilitate their participation. The year before we host the Olympic and Paralympic games, we have ended the ring-fencing of sports funding for specialist sports colleges. Yet, last week, I was amazed to hear that an extra £40 million could be found for the opening and closing ceremonies of the Olympic and Paralympic games, which is one quarter of the budget for school sports partnerships. What message does the Minister think that that sends out to the hundreds of SSP staff losing their jobs, to the volunteers who give their time and money, and to the pupils hoping to emulate their Olympic heroes?

As I have said, playing sport was a major part of my childhood and early adulthood, and I made many friends through sport. With the decade of sport that we have in this country—the Olympic and Paralympic games next year, the rugby league world cup in 2013, the Commonwealth games in Glasgow in 2014 and the world athletic championships in 2017—we have a wonderful opportunity. These should be inspirational times for our young people, but they will not be if we cannot develop school sport in the way that we did.

I hope that it is not too late and that Ministers will listen. I do not expect the Minister to give in completely to me this morning, but I certainly hope that he will acknowledge some of the points I have raised, that he will have discussions with his colleague, the Minister for Sport, that he will look at what is happening and that he will listen to those parents, teachers and people involved in school sports partnerships who were getting to the primary schools that, in many cases, did not have the facilities for sport. I also hope that he will listen to the young sports leaders whom I met as Minister for Sport who were going into primary schools and helping PE teachers. There is a great opportunity here. I hope that it is not lost, that the Minister listens and that we can have a sensible debate on the way forward.

9.52 am

Justin Tomlinson (North Swindon) (Con): It is a pleasure to serve under your chairmanship, Mr Amess, and to follow the hon. Member for Bradford South (Mr Sutcliffe), who is an exceptionally well respected former Minister for Sport. I certainly agree with the spirit of many of the things raised in his speech, although I will perhaps tweak one or two points in my contribution.

I speak very passionately on this subject because I benefited from sport. I went to a very challenging school. We were bottom of the league tables and, as I mentioned in last week's debate in this Chamber on sport and tackling youth crime, two of my friends spent time at Her Majesty's pleasure. Sport kept me active and by the end of the day, I was too tired to cause any trouble—although some people might say that as I am now a Member of Parliament, I took an even worse path.

I was a councillor for 10 years prior to becoming an MP, during which time I spent four years as the lead member for leisure. I therefore have a lot of first-hand experience of dealing with these sorts of issues in the community. As we know, sport can play a very positive role. It helps to promote a healthy and active lifestyle, which is important in tackling the increasing concern about obesity. Sport channels young people's energy, boosts self-esteem and provides enjoyment, friendship and personal fulfilment. It can have significant benefits for focusing good behaviour and as I said, that was something I saw at first hand when I was growing up.

Mr Sutcliffe: I know that the hon. Gentleman is a strong supporter of school sport both from his past record as a councillor and since he has been a Member of Parliament. He made a point about prisons. I was the Minister responsible for prisons. What is the busiest place in a prison in terms of people getting involved in sport and physical activity? The gym. Such things made me think as I do about what sport can do for people.

Justin Tomlinson: I absolutely agree, and I will come to that point in a bit more detail later.

I will touch on three points: first, the school sports partnerships; secondly, what is physically going on in schools as we speak; and, thirdly, wider community access to schools. I shall then put my personal requests to the Minister.

On school sports partnerships, I raised a number of concerns in debate that led to the Government changing their position. I support the principle of the school sports partnership, but a premise that attracted a lot of criticism of the scheme is that it did not necessarily drive up levels of competitive sport. That was a flawed assessment because, generally, if someone is very good at sport, it is probably because their parents are that way inclined and encouraged sport from an early age by providing access to sports clubs.

School sports partnerships were good for people who were not naturally inclined to sport or gifted at it, because they offered a wider breadth of sporting opportunities. For example, I remember that we played football pretty much every week at my school, which suited me because I liked football. However, some people were not necessarily enthused by the opportunities that football presented. The main driver behind the school sports partnership was that it brought in other sporting opportunities and showed people that there was something out there for everyone. There were encouraging signs that it was making a difference to the majority of children who are not necessarily naturally gifted at sport.

Clive Efford (Eltham) (Lab): The hon. Gentleman will correct me if I am wrong, but I think I just heard him say that school sports partnerships did not drive up participation in competitive sport. Can he tell me the figures he bases that statement on?

Justin Tomlinson: The point behind my remark was that when the Government were making their judgment about whether the school sports partnerships were delivering value for money, they looked only crudely at the number of children taking part in competitive sport, which was two in five children. That figure did not change. However,

what did change significantly was the number of children who were not doing any sport at all who then took up sport. They might not have been playing in regular leagues outside school, but they were at least being active—whether that was just for the two hours a week or whether it led to other opportunities.

For example, when I was touring my constituency, we saw encouraging signs; people were doing things such as cheerleading and street dancing, which were incredibly popular but because they were not strictly sports in the traditional competitive sense, they were not included in those crude statistics on competitive sport. However, those people were being active. When I was the lead member for leisure, I did not care what people were doing, as long as they were doing something that increased their heart rate. I also say that with my hat on as vice-chair of the all-party group on heart disease. We are keen to encourage such activities.

The change in position allowed nine months for the school sports partnerships to, in effect, go to schools and secure funding. I do not recognise the point about cuts to the funding; it is just that the funding is no longer ring-fenced. The challenge that remains for school sports partnerships is that not every school necessarily identifies sport as a priority. The Swindon school sports partnership has managed to ensure that around 20 schools have signed up to carry on in pretty much the same format as before. However, a number of schools have decided that there are other priorities for that money and, by removing ring-fencing from the funding, they are free to make that choice. I think that such a choice is wrong for those schools and when I meet those who work in them, I regularly push the benefits of providing sport. We must deal with that challenge. It comes down to individual heads; it is fair to say that if a head has a personal interest in sport, it is certainly pushed to the forefront.

Jim Shannon: Does the hon. Gentleman consider that there is a role for private investment and partnership with schools as a way of getting more money for the programme? Is that something he has considered and, if so, how does he think it will work?

Justin Tomlinson: I absolutely do, and I will come to that point shortly.

There are some advantages to the changes that have been introduced, but we need to work out a way to ensure that schools continue to see sport as a priority. There was another reason why we had to look again at how the school sports partnerships worked. In my constituency, it was a very good partnership, but we heard in the debates on the subject that in other constituencies people who work in schools were saying, "They aren't delivering very much. I am very passionate about sport as a head teacher. I would like to employ my own choice of sports coach directly." To a certain extent, therefore, some schools now have better provision, because they have gone directly to the person they think can provide sporting provision in the areas where they had gaps.

It is also fair to say that the school sports partnerships that are still in existence, including my own in Swindon, have had to step up their performance, because that cheque is no longer guaranteed. They have to go to schools and make a pitch about how they will deliver additional benefits to them. There is still a role to play, however, in helping those SSPs to be in a position to deliver improvements, because, by and large, they are sports enthusiasts and are particularly good at organising sports events. They are not necessarily geared up to be a semi-business—a not-for-profit business—so there should be a role to provide additional help in that way.

In response to the intervention, I would like to see SSPs identify additional partnership opportunities, not just through the private sector, but through working with local authorities, the local NHS and sports forums and local sports clubs. To give a good example, if a school offered only football every week and wanted the SSP to bring in street dance, it should bring in not a one-off coach, but representations from street dance clubs, so that children who enjoy a taster session in school then have the opportunity to join a club and take up the activity on a regular basis. Local authorities can play an important role in that regard. The equivalents of the lead members for leisure and the key officers should sit down with the SSP organisations and say, "You can bring the following people to the table and we'll help co-ordinate that," so when the SSP then pitches to individual schools, it will be able say that it will not only provide two hours of street dance, but will bring in supporting clubs and give advice on nutrition and on how to do a variety of other beneficial tasks above and beyond the obvious reasons for it to go into the school. That is about asking what more we can do to make SSPs seem much more attractive to schools and to keep sport as a priority.

On what is happening in schools at the moment, I would like to see changes in relation to two particular challenges. The first is the cost of insurance, which is an issue that I have raised in a number of debates. The majority of teachers are relatively young, and young people are very expensive to insure. We need to be able to bus pupils around in order to promote school games and take them to learn outside the traditional school environment. Many teachers are young and new recruits are getting younger, so the cost for schools—it is a burden—is incredibly expensive. I keep urging the Government to consider a national deal; schools throughout the country purchase things, so surely, as a collective with huge economies of scale, we should be able to get a better deal from the insurance industry. I encourage that.

I have been told by an inspirational local physical education teacher, Julie Lewis, about a second element in relation to insurance. In order to drive a minibus, the driver needs a certain D-class element on their licence. Julie already had that—she is of a similar age to me—so it was a relatively simple process. She just had to go to the local authority and carry out a simple test. She passed and was then able to drive the minibus. The younger teachers now have to do three days of training, which costs about £2,000, so that is another burden that the school has to weigh up: when budgets are tight, is it worth releasing teachers for three days? All too many schools like the idea of doing it, but they cannot afford it, either because of the cash or because they do not have the time to release teachers. We need to look at that.

PE teachers also face a dichotomy in relation to their priorities. Julie told me that she is extremely keen to provide after-school clubs. The children love them and

[Justin Tomlinson]

embrace them, and really want to take them up. If she could offer as many sessions as she would like, they would all be full. However, she has to plan them at the same time as she should be planning her lessons, and planning her lessons to make sure that they are delivered in the correct manner is what is judged by Ofsted to determine whether she is a good PE teacher and whether the school is a good school. There is a clash; one area is being judged and rewarded, but it is as if she has to magic up a way of providing the after-school classes that might be of most benefit to the children.

I have talked to other teachers. A friend of mine worked in a challenging school in Oxford. During his first year as a qualified teacher, he was full of enthusiasm and provided a huge range of after-school sports clubs. They helped with behaviour and with tackling crime in the local area, because the children were not hanging around street corners straight after school. They were doing something constructive and positive. My friend then had the opportunity to do one-on-one tuition, for which he was paid. He could not be in two places at once. His heart said that he wanted to do his bit for the children he was there to inspire and for whom he played a positive role, but his brain said that he wanted to go on holiday and that he needed to buy a new laptop. In the end, the financial reward prevailed.

Mr Sutcliffe: Is there not an opportunity for national governing bodies to get coaches to help teachers do such things? One of the things that we looked at was the possibility of coaches from a wide range of different sports running after-school clubs, paid for by national governing bodies.

Justin Tomlinson: I absolutely agree and I will build on that point shortly.

Schools have some opportunities at present. The school Olympics principle, for example, is fuelled by next year's Olympics, which will give us a wonderful opportunity to drive up participation, particularly because they will advertise on the television a huge variety of new sports for people to try. When I was growing up, we very much followed the television. We played football predominantly, but out came the cricket bats when the cricket was on and out came the bikes during the Tour de France, and when Wimbledon was on, the tennis rackets would come out for the three days that the British participants lasted.

I have a slight plea on this issue. It is not just about getting people to be healthy and active, although that has to be the priority. There is a chronic shortage in this country of coaches and—this is often overlooked—of volunteers. When I talk to sports clubs, they tell me that they can normally find somebody to organise things, but that they cannot find a club secretary or treasurer, or someone to sort out all the insurance.

Simon Hart: As a former parent governor of my local school, Tavernspite, and a keen volunteer cricket coach at it, one of the obstacles that I came up against was the Criminal Records Bureau checks. There was one CRB check to be a parent governor and another to be a cricket coach. For all but the very determined, it was difficult to volunteer.

Justin Tomlinson: That is a valid point and I know that the Minister is championing the cause to change that situation. I would like to hear more about it.

To return to the issue of coaches as volunteers, when school games are being organised, the best athletes are selected to represent the school. Incidentally, my school always came last in everything; we were so short of people that I ended up having to do four events in one day and got progressively worse. The key is that we should also identify those who have not been selected to participate and ask one of them to act as the coach on the day, another to organise the promotional posters, and another to be the treasurer and organise payment for the minibus. There are all sorts of other roles, so later, as they grow up, those people could fill the massive gaps in community sport. That is something that we should champion.

I welcome the decision to fast-track troops into teaching. When I talk to school head teachers, particularly in primary schools, they tell me that one of their biggest challenges is that not enough teachers are enthusiastic or confident enough to be able to carry out a wide breadth of PE. It is often the case that the last person to leave the staff room suddenly finds themselves delivering the lesson. One would hope that troops would be sports-minded—they are certainly well attuned to physical activity—which could help to fill a major skills gap.

On the issue of sport helping behaviour, I have visited schools with challenging behaviour problems and, time and again, have seen them use sport as a reward incentive to maintain behaviour in the school. It is amazing that when a child misbehaves and is told that they cannot go to the after-school football or street dance session, that is not only the first time that they misbehave, but the last time, because such sessions are the hook for a lot of children.

Turning to the community, I hear the points about the loss of playing fields and I fully support the call to protect them. There is, however, a further challenge. The vast majority of schools that were built post-1997, which is true of pretty much all, bar one or two, of the schools where I was a ward councillor in a high-density, new-build housing estate, were private finance initiative schools, so they had wonderful playing fields, but after 4 o'clock, a huge amount of money had to be paid to use them. Even enthusiastic PE teachers could not use them, because they were not the school's property after 4 o'clock, and the local community would have to raise money. They looked wonderful and the turf was great, but they could only be seen through the fence. That is something that we need to look at in future school building. Sports facilities need to be accessible both to the school itself—it is a crime that an enthusiastic PE teacher who wishes to provide after-school sports opportunities cannot do so because it is not the school's facility—and to the community through sports clubs.

Opening up those facilities should be an absolute priority not only for sports clubs but for youth clubs. I have spoken in other debates about how in the old days, sports clubs dealt with competitive sport and youth clubs were at the other end of the spectrum, but they should be one and the same. Street dance is the classic example; it is not technically an ultra-competitive sport but is something in which young people wish to engage. We can use sport as the hook in the school facilities, and

youth workers can come along to where children are being active and can provide the advocacy that youth clubs are normally good at.

I get frustrated when local authorities make mistakes with opportunities. As I mentioned in last week's debate, Stratton parish council identified £4,000 to provide extra activities for young people. Rather than consulting those young people and asking them what they want to do, the council will spend the £4,000 on providing mobile graffiti walls—nothing more than a training ground for more graffiti artists to wreak havoc in local communities. What the council should have done, to build on an earlier intervention, was to say, "Right, we're going to open up our schools or community centres on Friday and Saturday evenings and pay for coaches"—it could be a football coach or a street dance coach—"who can then come into our community, and we will only charge the children 50p." Something—a nominal fee—needs to be charged so that the children take ownership, but without pricing them out, and they can come along and participate for a couple of hours. We would then see children being active and positively engaged in something constructive, and we can build on that. Remarkably, when I go to schools and ask, "What do you want?", they say they want organised sports provision and opportunities, not silly bits of plywood that they can spray some paint on. That frustrates me. Local authorities and Government are always hard-pressed for money so whenever we have an opportunity to spend relatively limited amounts of money, let us ensure that it is on engagement. Everything should be judged on the maximum number of people participating in whatever it is that gets them active. As I have said on a number of occasions, I do not care which sport it is, as long as something is going on.

Another opportunity that we need to look at is when schools close, as populations shift. In my town, schools are closing in the older housing estates and opening in the new estates, as young families shift across the town, and we need to insure against the loss of not only the playing fields but the buildings. We had a fantastic success story in Swindon involving a successful gymnastics club, with 450 people a week participating. The club was so successful that its landlord served it an eviction notice because the neighbours were annoyed at all the parents turning up after school and taking all the car parking spaces. They got together and said, "Either it moves or we all move", so the landlord said to the club, "You are very good at paying your rent but I'm afraid you are off."

To find a new gymnastics facility in any town is a challenge, because high walls and lots of parking are needed. Through the Swindon sports forum we identified a £4 million sports hall that was only a couple of years old and about to be bulldozed; a school was being knocked down because a brand-new £25 million school was being built a few miles down the road, so the sports hall would have been lost. To cut a long story short, we managed to arrange for the gymnastics club to take on that sports hall, paying a commercial rent for the facility, and the old school was bulldozed around it. The club took on the sports hall, which was bigger than needed, so the facility also has the Kirsty Farrow dance academy and the Leadership martial arts club. Now, instead of 450 children a week being active, we have 2,000, with parents dropping children off, one for Esprit gymnastics, one for martial arts and one for the dance academy. We were so close to bulldozing that facility, and 1,550 children —on top of the initial 450—would have missed out. Instead, some joined-up thinking was driven through our sports forum, in which 60 different sports clubs sit together with the council officers. We married together the collective thinking—"This is our challenge, we need a facility"—and the opportunity, not only to the benefit of the gymnastics club but of the other clubs that have piggybacked on it. We should do that wherever buildings or facilities might be lost.

I conclude with my pleas. Collectively, we need to sort out the challenges of insurance, whether the basic cost of insuring people or the cost of being able to drive a minibus, as well as the time. We need to support school sports partnerships to remain a priority for schools, if they are good enough to justify that, and, if so, to give them help and support with business plans and building up their partnerships so that they can offer not only two hours of street dance but additional benefits. We must never forget the need for volunteers and coaches, as well as for getting people to be active in one form or another. We need to make facilities accessible, affordable and open and, wherever possible, not to lose them as populations change.

10.14 am

Clive Efford (Eltham) (Lab): I congratulate my hon. Friend the Member for Bradford South (Mr Sutcliffe) on securing the debate and on his contribution to sport in this country as a former Minister. He is still highly regarded in the sporting industry and fraternity. As he has demonstrated, he has a real depth of knowledge, and we are grateful to him for the opportunity of a debate. It is a pleasure also to follow the hon. Member for North Swindon (Justin Tomlinson), who clearly has a depth of knowledge. I agree with many things that he said, particularly about maximising participation.

What is school sport about? Why sport? Why do we want to encourage participation? What is the role of schools in sport? If we do not understand what we are trying to achieve, we will get things horribly wrong. As the previous speakers have said, school sport must be about providing a broad experience not only of sports themselves but of things associated with sport. One intervention mentioned experience of outdoors and various other forms of recreation. Dance has been mentioned, which can be associated with sport through the sporting activities that engage young women in particular, but not only young women; I have seen community sports activities involving dance that include young boys, so it is not only about young women, but about that broad experience of sport.

By providing that broad experience, we hope that the understanding of what sport can deliver and the experience of what it can achieve throughout someone's life will lead to people having a lifetime's engagement. Whether it is the joy of participating in a team sport or individual competitive sport, or simply physical recreation, such as going to a gymnasium or jogging, such activity improves a person's health and well-being.

By providing regularly in schools, from an early age, the opportunity for young people to participate in sport of all kinds, to experiment with sport and to understand sport, we may encourage them to participate in those

[Clive Efford]

physical activities throughout their lives, with all the benefits for people's improved health, and perhaps engage them in community sports, so that they do not become involved in antisocial behaviour and things like that. All that flows from what we achieve in broadening experience in school. I have to say that the Government do not get that, which is a real problem.

One of the starkest examples is the slashing, without any consultation, of the money for school sports; £162 million was cut without any discussion beforehand with the school sport partnerships. No one asked what infrastructure we could retain to keep school sport partnerships going and to build on their success, and the Government believed that they were successful, because in March 2010, before the general election, the then shadow Sports Minister, now the Minister for Sport and the Olympics, said in a Five Live debate that it would be wrong to dismantle "13 years of work" and that his party "would build on them". In April 2010, during the general election campaign, he said:

"There has never been a more important time for school sport, and the Olympic legacy must have school sport at its heart".

Only a few months later, we had an announcement from the Secretary of State for Education that school sport partnerships were of no value whatever and were to be cut. It was not until the hue and cry that my hon. Friend the Member for Bradford South described that the Secretary of State was forced into an embarrassing U-turn and announced that money would be made available over the following two years to cobble together something to replace the funding that was previously available for school sport. We ended up with £32.5 million for this financial year and the following one for PE teacher release, £11 million for the next five years from the Department for Culture, Media and Sport, £11 million for the next two years from the Department for Education, and £4 million over the next five years from the national lottery.

We have seen a 64% cut in investment in sport in schools. Not a single Department has had to suffer such a cut. The Minister will probably say that the Government have removed the ring fence, are not acting in a top-down way and will allow schools the freedom to invest where they choose, but what message is that sending about the Government's priority for sport in schools when direct funding is cut in that way? A 64% cut is not acceptable. So what do we get then? We get an announcement that we will have school games and an amazing statement from the Secretary of State for Culture, Olympics, Media and Sport, who said:

"I can sum up our sports policy in three words: more competitive sport.

By banishing once and for all the left-wing orthodoxy that promotes 'prizes for all' and derides competition we allow sport to do what it does best of all: teach children to learn about how to cope with both success and failure—and most importantly learn to pick yourself up when things don't go according to plan."

What a home-spun homily that is. My God, in this modern day and age, what a load of nonsense.

Let us return to where we started. In 1997, participation in sport in schools was one in four in years 1 to 11. After investing in school sport partnerships and so on, that rose in 2003-04 to 62%, and in 2009-10, it was more than 90%. In fact, we had virtually stopped measuring it because we had started to measure participation rates in three hours a week. Our target for the Olympic legacy was to achieve 60% of children in schools doing five hours a week during the curriculum period and after school, and to make sport available at that level. We did that through work with the Youth Sport Trust, and I pay tribute to the trust's work and what it achieved for participation in our schools, and particularly to the leadership of Baroness Campbell. The Youth Sport Trust has come under attack from a number of people, and there was a ridiculous outburst from Lord Moynihan, chair of the British Olympic Association, who claimed that participation in school sport had not risen significantly.

Let us look at the statistics, the focus on competitive sport and the suggestion that something acts against participation in competitive sport if sport for everyone is encouraged, which is what the hon. Member for North Swindon eloquently suggested is the right thing to do. We did not start to measure the figures for who took part in intra-school competitive activities—competitive sport within a school—until quite late in the process, because obviously we inherited very low participation in 1997. In 2006-07, 58% of those in years 1 to 11 took part in intra-school competitive sport, and by 2010 that had risen to 78%—that was 79% for boys and 77% for girls. That was a very high figure indeed. Regular participation in intra-school sport then fell to 39% for years 3 to 11 in 2010. But let us look at the figures for interschool sport—sport between schools in a local area. In 2004, that was 33%, and by 2010 it had risen to 48%.

The issue is regular sport. The Government have said that only one in five children participate in competitive sport. That is correct; it was about 21% in 2010. But that is based on key stage 2 young people participating in interschool competitive sport three times in a year. At key stages 3 and 4, in secondary school when children have gone to another school, the requirement to be recorded is the number taking part in regular school sport nine times a year. If we are to see a significant increase in teachers regularly taking pupils out of school to qualify under those statistics, which the Government used to justify their determination to increase competitive sport, we must see an increase in the number of pupils who are taken out of school nine times every year to compete in competitive sport. That is a significant demand on resources.

I would be interested to hear what research the Department has done and what consideration it has given to that. It is okay to provide money for PE teacher release, but that is targeted mainly at organising school games and co-ordinating local primary schools in competitive sport; it is not intended to free up PE teachers to ferry about the competitive teams and sports people who will be involved. The Government's policy is confusing. If secondary pupils are to play sport nine times every year to increase the figure from one in five, I would like to know where the resources will come from, where the planning is and what discussions the Government have had.

We have been told that competitive sport will lead to the national games as though that is something new. The national games have taken place for a number of years, and are extremely successful. Some 1,600 pupils took part in the national school games this year. In fact, records were broken when Jessica Applegate broke the

50 metres freestyle swimming world record for her age group. There was also a 100 metres running championship best and a 1,500 metres running championship best. Competitive sport has not suffered as a consequence of the previous Government's work with the Youth Sport Trust and in our schools. The suggestion that the Government invented the national games network and that that is a triumph is frankly ridiculous.

The Government have now stopped collecting statistics. The Minister answered a couple of my questions on that very subject. He said:

"The annual PE and Sport Survey collected data on pupils' participation in PE and sport. While participation rates increased in areas targeted by the previous Government"—

that was virtually everywhere—

"the proportion of pupils playing competitive sport regularly remained disappointingly low... We have removed from schools the burden of having to fill in long, time-consuming and cumbersome sport survey returns, which was a requirement under the previous Government."—[*Official Report*, 21 November 2011; Vol. 732, c. 86W.]

So there we have it. The 21% figure for the one in five pupils who are playing regular competitive sport is worthy of using to take money away from the school sport partnerships and focus on competitive sport, but it is not a figure that is worth continuing to collect. If the baseline is 21% participation in competitive sport, how will we ever know whether the Government have improved their performance? They are doing away with that measure, although it is used to justify their case and to do away with the data in the first place. The Government's policy is very confused indeed.

My hon. Friend the Member for Bradford South mentioned the sale of playing fields. Fields in Trust, the Football Association and many others have expressed concerns about the relaxing of restrictions and the requirement to consult before school playing fields are decommissioned and sold off. The Government are like a burglar released from prison after 13 years who immediately goes back to their old ways. Between 1979 and 1997, the Government sold 10,000 school playing fields. We introduced the School Standards and Framework Act 1998, and between 1998 and 2010, we sold 230. Almost half were in schools that were closed. Many were in schools that used the sale to improve their sports facilities in the remaining parts of the grounds. A very small number of the others were sold for development outside education. There is a great deal of concern about the Government's approach to sport in general and how they are straight away starting to relax restrictions on the sale of school playing fields.

From day one, the message sent loud and clear from the Government is that they do not value sport. The active people survey shows that active participation has gone down for the first year since the bid for the 2012 Olympics was won—small wonder with the messages going out from the Government.

Consider the elite end of sport, from the merger of UK Sport and Sport England to distinctive bodies that perform very different roles. One brings our athletes at the top of their game to the podium, so that we perform well at events such as the Olympics. Sport England improves facilities and works within our communities. Consider school sport partnerships, where we saw all the money taken away at a stroke with no consultation whatever, with something having to be cobbled together, including £11 million for two years from the Department of Health. The Department is investing in competitive sport specifically, and I have asked what it is about competitive sport that improves people's health that general participation in sport does not. I have not yet had an answer, but I am interested in the research that shows competitive sport improves health the most.

Abolishing the collection of statistics is evidence that the Government do not want us to find out what they are doing. Whether it is participation in general sporting activity or in competitive sport, we need to know what is going on in our schools. All those things show that the Government lack any serious commitment to long-term investment in schools. If we look ahead, we know that the Department for Education has told school sports organisers to expect no funding beyond August 2013. The whole thing falls off a precipice in the next 18 months. We are concerned that the people involved in those organisations will already be starting to look elsewhere. Just when we should be increasing participation on the back of the Olympic games, the whole thing falls apart.

We are concerned about the implications of making it clear that funding will end. There is a lack of planning for sport as we go towards Rio, even though there is the Olympic legacy to consider and the interest that will be generated around the Olympic games. There appears to be no concept coming from the Department for Education or from the Department for Culture, Media and Sport about how they will harness that interest and take it forward. It is all dumped on the sports governing bodies as though the Government have no role to play whatever.

Can the Minister tell us how participation will be measured in future? He has told us that he is doing away with the annual PE and sport survey, so how will he measure participation so that we know what is going on? It would be helpful if we knew that the Government had a plan. Will sport be protected within the national curriculum and given the status that it deserves? How will we measure participation in competitive sports? We have a measure that has been used as a baseline, which is one in five. I have set out how that is measured, but how will it be measured in future? What is the Minister doing to protect our playing fields? What is he doing about the national policy planning framework? Will he ensure that sports bodies are consulted as part of the decommissioning of education's playing fields? Will he ensure that the safeguards put in place by the School Standards and Framework Act 1998 will still stand and protect places? If we do not protect them, young people will not be able to play sport in future. If we are to have sport in our schools, it is essential to have quality playing fields in which to participate in sport.

10.37 am

Catherine McKinnell (Newcastle upon Tyne North) (Lab): I am grateful to have the opportunity to contribute to today's debate on behalf of the Opposition, Mr Amess. I wholeheartedly congratulate my hon. Friend the Member for Bradford South (Mr Sutcliffe) on securing this important debate. I also congratulate him on his work as the Minister with responsibility for sport in the previous Government, when he worked tirelessly to extend opportunities for engagement in sport to children and young people.

[Catherine McKinnell]

Given the contributions made during the debate today, it is clear that this matter needs to be far from a political game in this House. There have been positive contributions, and I am pleased that there still seems to be cross-party agreement on the importance of sport for children. The previous Labour Government and the coalition have focused on the Olympics in school sport. That emphasis is correct, given our commitment to host the Olympics next year. However, I want to use this debate to urge the Secretary of State for Education, through the Minister responding today, to rethink the Government's decision to make such drastic and damaging cuts to support for school sport. I concur with my hon. Friend the Member for Eltham (Clive Efford) that the support has been cut—not just to ensure that we deliver on our Olympic promise, but to ensure that young people today get the sporting opportunities that can transform their educational outcomes and their lives.

School sport partnerships were at the forefront of ensuring that the second key Olympic pledge—to transform a generation of young people through sport—was met. Sadly, and regrettably, the coalition Government do not seem to have recognised the value of SSPs, despite their international acclaim. They were one of the reasons—along with the hard work of teachers, sports leaders and volunteers around the UK—why between 2002 and 2010 the number of young people doing at least two hours or more of sport a week rose from 25% to 90%. There has been a marked drop since the figures for 2010 were released, which is extremely worrying.

All the evidence suggests that cutting funding for school sports results in fewer young people accessing high quality sport opportunities. Some reduction in funding was expected, but to announce a cut to the entire £162 million grant so close to the Olympics, and when childhood obesity is such a key public health concern, was clearly wrong and sends out alarming signals.

The Secretary of State's justification for the cuts is that the Government want to focus on encouraging more children to play competitive sports through the school games project which, as my hon. Friend the Member for Eltham explained, is funded by multiple bodies including the Departments for Education, for Culture, Media and Sport and for Health, as well as the national lottery. There are, however, serious concerns about whether that funding will go any way to meet the requirement for sustainable funding that the school sport partnerships initiative offered our young people, and I seek clarity from the Minister about what consideration his Department has given to school sport post-2013.

Now is not the time to put our children's sport at risk. One simple reason for that is because the cost of the sporting activities taken up by a young person, regardless of their ability, will negate the potential cost to the Exchequer of treating obesity and health-related problems later in that person's life. In my constituency, about 25% of pupils in year 6—10-year-olds—are defined as clinically obese. They are not just overweight; they are obese. If the Government do not make a commitment now to provide sustainable funding for school sports, there is a genuine risk, both in Newcastle and around the country, that that percentage will increase, as will the cost of providing obesity-related health care.

We have not yet mentioned the benefits to educational standards that derive from participation in sport. Research from Sport England, and around the world, has shown that young people who participate in sport are higher educational achievers. I do not doubt the Government's sincerity in wishing to raise educational standards, but I wonder whether they genuinely appreciate the support that schools require to increase levels of participation in sport, and the lost opportunities for academic attainment that will result from cutting that support.

We warmly welcome the funding that has been committed to school sport by the Department for Education and will provide £32.5 million per year for PE teacher release funding over the next two years. There is, however, still great uncertainty about the future of that money and the extent to which it will be ring-fenced and protected. In allocating that money, the Government have deliberately placed a focus on competitive sport. That is important if we are to encourage the talented sportsmen and women of the future, and so that children and young people have the opportunity to engage in competitive sport and enjoy the challenges and benefits that it brings. None the less, competitive sport and non-competitive sport are not mutually exclusive, and we should encourage young people to participate in sport regardless of whether it is competitive. There are clear advantages for the health and general well-being of an individual if they engage in sport and exercise, in whatever form.

The Department for Education must accept that sport plays a key role in encouraging all children to be the best they can, both academically and in the lifestyle choices that they make and the relationships that they form with their peers and others. Sport plays a vital role in that development process, and the results achieved by school sport partnerships in reversing the trend of youth inactivity were clear and—as my hon. Friends have noted—internationally acclaimed.

A huge concern has been raised about the Government's ability to measure their success or failure with regard to school sport. The school sport survey was conducted annually from 2003-04 until 2009-10, and those data have been invaluable for measuring the success of policies and highlighting opportunities for improvement. When defending their actions on school sport, the Government routinely respond with the claim that only 21% of children regularly took part in inter-school competitive sport. I reiterate the plea made by my hon. Friend the Member for Bradford South who called on the Minister to avoid reeling off misleading statistics when he responds to the debate.

Although arguments about the use of the school sport survey as a measure of success have been well rehearsed, my point is that the Government relied on that survey to make their case for cutting some support for schools, and to increase funding in other areas. That survey has now been scrapped in the name of reducing red tape, and it will make it difficult—I would hate to think that this is intentional—to measure the success or failure of the Government's policies on school sport, and in particular the level of participation in sport and the effects of the cuts to school sport partnerships. Data from the active people survey show that adult participation in sport has—unsurprisingly—fallen in 19 sports over the past year, and increased in only four. That is the first fall in levels of participation in sport among people aged 16 and over since we won the Olympic bid in 2005.

Although the Government have definite ideas about deficit reduction, it is crucial that short-term savings are not made at a greater expense to the public purse in later years. Participation in sport at school plays a vital role in combating inactivity among young people, which can contribute to ill health, obesity and lower educational attainment.

I welcome some of the constructive comments made by the hon. Member for North Swindon (Justin Tomlinson) about areas in which the Government could invest and improve participation in sport for young people. He made a constructive suggestion about a national insurance deal to aid sports leaders, volunteers and teachers in encouraging out-of-school activities for young people. He also made useful comments about the way that school sport is judged by Ofsted, and whether encouraging sports teachers and rewarding them for their hard work could provide an incentive and help achieve higher levels of participation in sport. Sports teachers contribute many hours to running clubs for young people or sports centres, and that work often goes unrewarded and unnoticed. I am conscious of the number of sports facilities in this country that fall within the remit of the Department for Education. The vast majority of sports facilities in this country are found in schools, and it is vital that those facilities are made available to all young people.

School sport partnerships undeniably played a major role in increasing and supporting wider participation in sport. The Government have not only put those partnerships at risk, but dismantled the means by which the impact of the funding changes can be measured. The health and well-being of our nation is greatly enhanced and enriched through participation in sport—all sport, whether competitive sport or that aimed at increasing a person's fitness levels or mental agility—and I am sure that all hon. Members share that vision. Will the Minister reassure hon. Members, as well as our young people, their parents and teachers and the army of sports teachers and volunteers up and down the country, that we will deliver not only on our Olympic promise, but on our commitment to helping our nation's children develop into healthy and active achievers of the future?

10.48 am

The Parliamentary Under-Secretary of State for Education (Tim Loughton): I congratulate the hon. Member for Bradford South (Mr Sutcliffe), a distinguished former Sports Minister, on raising this subject. It is an issue to which he is dedicated, and we all appreciate that. I also thank other hon. Members for their well informed contributions. A lot of questions have been raised, and hon. Members seem to have anticipated what I am about to say. Therefore, in order to confuse those pundits, I will not give the speech that I had planned, even though it does not say a lot of the things that people anticipated that I would say.

Several statistics have been used, in particular by the hon. Member for Newcastle upon Tyne North (Catherine McKinnell), who cited a recent survey that shows a downturn in sports participation by over-16s and adults. That, however, is the problem, because after the £2.4 billion spent on the previous Government's programme since 2003, the idea that sport is a good thing has clearly not embedded itself in the ideas of people moving through school and college and into adulthood. It is not just something that young people do because they have to turn out for an hour or two hours a week on a school games pitch. It is something that they have to do because it is good for them and fun; it is a socialising activity; and it is about teamwork and team building. Young people would want to carry that on into adulthood, so why do the statistics clearly show that it has not been embedded? Despite the best of intentions, spending an awful lot of money has not had the desired effect of ensuring that young people in school want to do sport and carry on doing it into adulthood as something that one naturally does.

While I am talking about the use of statistics, I have to say that all the statistics that are used by the Department and by my right hon. Friend the Secretary of State—despite an awful lot of accusations, he is in no way opposed to organised sport; he is a big fan of it—are from the previous Government and have been endorsed by the chief statistician as well.

Perhaps I can take up a few of the points in between the hyperbole used by the hon. Member for Bradford South. I absolutely endorse his comments about the army of volunteers, who are the backbone of sport in the community and sports clubs in our towns and constituencies. We want them to work more with schools, so it is not just a case of sport that people do in school and sport that people do over the weekend at the local football club. We need much more interaction between the two. I am the president of a very successful local football club that typically on a Saturday sees 300 or 400 kids out on the local sports pitches. That is achieved largely through volunteers. The children range in age from five upwards, and both girls and boys are involved. We want to see more of that type of activity. That is one reason why we have given additional funding, through the school games additional funding network to fund further volunteering. I am talking about county sports partnerships recruiting more volunteers to help with the school games and beyond both at level 2, between schools, and at level 1, within schools.

I absolutely endorse the comments from the hon. Gentleman to which I have referred, but he did also make a comment about the school games, which seemed to come under quite a lot of attack. I think that most people agree that the school games will be a good thing as an extra tool to encourage more schools and more schoolchildren to become involved in competitive sport as a matter of routine. More than 11,000 schools have already signed up in the past few months, which is remarkable. We encourage all schools to do that.

Clive Efford: I point out to the Minister that the school games did not come under attack. We were merely pointing out that they already exist. To present the school games as some new creation on the back of the emphasis on competitive sport is just misleading people.

Tim Loughton: The school games, which were launched last summer, involved more than 10,000 children in the summer pilots. I launched the version in the north-west. They have a particular focus on disability sports, which is something that has very much been missing. They will have a programme of endorsements and accreditations of the schools taking part. That builds on the success of the games that have gone before—sponsored by Sainsbury's,

[Tim Loughton]

I think—but is taking it to a whole new level. Surely that should be welcomed, but there seems to be a mindset against competitive sport. I find that extraordinary.

The hon. Member for Eltham (Clive Efford) referred to a quote about learning to "pick yourself up". Sport is not just about physical fitness, important though that is. It is about life experiences, socialising, working together as a team, and winning and losing and moving on. That is what competitive sport is designed to achieve. The hon. Gentleman's contribution seemed rather confused. He used the statistic about only 21% of children doing regular competitive sport and talked about wanting to move towards children participating in such activity at least nine times a year. Is it really ambitious to want our kids to be involved in competitive sport nine times a year, particularly after so much money has been spent on trying to embed a culture of sport as a good thing that everyone wants to do on a regular basis in schools?

Clive Efford *rose—*

Tim Loughton: I had better move on or I will not answer any of the hon. Gentleman's points, but I think that there is a real poverty of ambition.

Let me return to the issue of disabled sport and the charge about the elite nature of the school games. The opportunity to take part in competitive sport is not elite; it is at four levels. It is within schools, where we want every pupil to be able to take part; it is between schools; it is at county level; and it is at national level, with the showcase of the first national championships taking place next May in the Olympic stadium, before it is even used for the Olympics. Within that, I want to see opportunities for disabled pupils. I think that the former Minister for Sport, the hon. Member for Bradford South, would probably admit that we have done very badly on encouraging disability sports in schools. If someone happens to have a disability, PE time is when they go to the library or do something else like that, which is entirely unacceptable. We are far more ambitious than that. Part of the programme for the school games is about encouraging able-bodied pupils to help to set up tournaments and to engage with children who have disabilities, so that they feel every bit as involved at every stage. There needs to be recognition of the various challenges that they will have, but those are surmountable.

Mr Sutcliffe: I am grateful to the Minister for giving way; I know that he has only a small amount of time left. I welcome what he is saying about disability sport. He is right about that, and I welcome his personal commitment to it, but the transport costs for disability sport outweigh the costs for able-bodied people. Has he considered those transport costs and what he needs to do to help people to get around to the different venues?

Tim Loughton: The hon. Gentleman raises a good point. That is why, again within the school games, we have made specific money available for promoting disability sport, resourcing the national governing bodies of sports to develop a clear competitive pathway for young disabled people, ensuring the availability of follow-on activity linked to level 3 festivals and resourcing a network of schools to develop and deliver school-centred continuing professional development for teachers as well, and to take into account all those practical difficulties.

My hon. Friend the Member for North Swindon (Justin Tomlinson), in a well informed contribution, raised a number of important and practical points about embedding sport as a way of turning round poor behaviour. We all agree with that. I do not think that there is any disagreement between us about the many-faceted contribution that sport can make. I set up in my constituency a midnight football tournament. On a Saturday evening, between 10 pm and 12 midnight, when there is not usually sporting activity, we took over a local leisure centre. I worked with the police on this. We had mostly young boys, aged 13 to 17, who otherwise would have been on the streets, getting up to no good. Instead, they were playing football against one another and against the police as well. It was a whole new dynamic. There are so many creative ways in which we can use sport to help with the problems of poor behaviour.

My hon. Friend made good, practical points about insurance and minibuses. I will certainly take those away and consider them further. I am glad that he mentioned the Troops to Teachers scheme. Those teachers will provide a different perspective. We hope that for kids who are more difficult to engage in some of the academic subjects, they will provide the role model and authority figure that is so often lacking.

My hon. Friend the Member for Carmarthen West and South Pembrokeshire (Simon Hart) mentioned CRB checks. Again, that is something that is standing in the way of ordinary decent people who want to come forward, volunteer and give their time. There is an issue about multiple CRB checks, which the Protection of Freedoms Bill will deal with. We want a common-sense level of health and safety. Things have been regulated out of sight, and we have to get back to where we should be.

We heard the comments of the hon. Member for Eltham. Again, we had the whole business about selling off school playing fields. Let us just remind ourselves that the present Government do not and the previous Governments did not sell off playing fields, because local authorities sell off playing fields. I seem to remember that in the 1990s, when these charges were flying around most of all, Conservatives ran just one council. Rather a lot of those councils were run by the Labour party, which was responsible for overseeing selling off playing fields, so people need to take their share of the responsibility.

On the question of what the Localism Act 2011 will change, there are no intentions to change the level of protection for school playing fields. That may be provided in different ways, but certainly there is no intention to reduce the level of protection as a result of the localism legislation and the planning changes.

An awful lot of red herrings have been thrown about, but the Government are absolutely committed to promoting competitive school sport and embedding it within schools, rather than just assuming that because there is additional money or there are additional co-ordinators, it will automatically happen. Clearly, according to the statistics that the hon. Member for Newcastle upon Tyne North cited herself, it has not been embedded. That is a problem that we now have to pick up. We hope that the school games will be a flagship way of ensuring that more people want to become involved in sport not just at school but outside the school gates, and that they will

want to carry it on into adulthood as well. That is the most important thing that we need to achieve, for all the reasons that we have already mentioned.

The new Government's approach to school sports has three important characteristics: decentralising power, incentivising—

Mr David Amess (in the Chair): Order. We now move to the next debate.

Welfare of Laying Hens Directive

11 am

Miss Anne McIntosh (Thirsk and Malton) (Con): Good morning, Mr Amess. It is a pleasure to see you in the Chair and to see the Minister in his place. I am delighted to have secured the debate. It is a matter of note that it was requested by all the members of the Select Committee on Environment, Food and Rural Affairs, who deem it of great importance. The thrust of my remarks relates to the legal position and legal advice on which the Government appear to have based their decision on how to proceed when the ban on battery cages comes into effect. Effectively, the issue is when is a ban not a ban?

Directive 1999/74 on the welfare of laying hens is well known to everybody in this country and across the EU; indeed, it has been in existence for 12 years. It will take effect from 1 January 2012, when there will be a ban on what are normally known as battery cages, and only eggs laid by hens in enriched cages will be allowed. That is an historic decision, which is welcomed by all across the EU, not least consumers. Animal welfare has enjoyed growing momentum across the EU, and this is the first time the Commission has sought to introduce a ban on animal welfare grounds.

Were the ban not to take effect on 1 January, the implications for the consumer would be very serious. Consumers are very much in favour of a ban. This country's egg industry has invested £400 million in putting new facilities in place for 1 January, and I pay tribute to all the egg producers who have made such a massive contribution, not least Yorkshire Farmhouse Eggs and others in my constituency. There are also serious implications for the next ban—on sow stalls and tethers—which is due to come into force across the EU on 1 January 2013.

I want to focus for a moment on the implications of the legal aspects of the Government's case. As I said, the directive is due to come into force on 1 January 2012. It was agreed 12 years ago, in 1999, so egg producers across the EU have had 12 years to prepare. The directive will prohibit the use of conventional cages—commonly referred to as battery cages—which contain about five birds, with a minimum of 550 sq cm, or less than the size of a sheet of A4 paper, per bird. In December 2010, such cages accounted for 28% of all laying hens in the UK. The new enriched cages provide at least 750 sq cm per bird and have a minimum height of 44 cm. They also provide a nest, a perching space and a scratching area. In December 2010, such cages accounted for 21% of all laying hens in the UK.

The directive was intended to prohibit the marketing of eggs produced in conventional cages. Here, I turn to the semantics of what the ban relates to. In this regard, there are flaws in the Government's legal advice, their argument and the basis on which they are proceeding. I pray in aid a letter—I am happy to share it and to leave a copy in the Library and with the Department—from Commissioner John Dalli, who is the person at the directorate-general for health and consumers responsible for implementing the ban. He wrote to the Committee on 30 November, after we had written two weeks earlier—on 14 November—asking for the ban to take effect across the EU. He states:

[Miss Anne McIntosh]

"Currently available data suggest that there is a risk that more than 51 million hens in at least 11 Member States will still be kept in un-enriched cages on 1 January 2012."

He goes on to say that he will

"without undue delay propose to launch infringement proceedings early next year against those Member States that appear to not enforce the Directive."

However, as we and the Commission know—the Committee had cause to share this with a Minister from Denmark, which will hold the EU presidency from 1 January 2012—all the Commission will do then is issue a reasoned opinion against the member states that are in default. As we all realise this morning, that will give those member states three months to reply. It will therefore be le jour de poisson—April fool's day—1 April 2012, before legal proceedings commence against any of those member states.

In arguing against the Government's inaction, I rely on a key paragraph from the commissioner's letter:

"Concerning unilateral action, Member States are responsible for the enforcement of Union law. They have the power and the duty to keep products produced illegally off their markets."

The Minister of State, Department for Environment, Food and Rural Affairs (Mr James Paice) *indicated assent.*

Miss McIntosh: The Minister is nodding. The key phrase is that member states

"have the power and the duty to keep products produced illegally off their markets."

I put it to the Minister that it is not for manufacturers, processers or retailers to police these things. I pay tribute to the Department for Environment, Food and Rural Affairs for being the first Department to come forward with a taskforce to remove extra regulations and gold-plating. Under successive Governments, it has been expert at introducing such things, but gold-plating and the addition of extra regulations have cost our industry. It would be completely perverse to offload all the costs of policing these issues on to retailers, processers and others, when it should, as the commissioner says, be the Government's responsibility to police the ban.

Jim Shannon (Strangford) (DUP): I am glad to have the opportunity to make a quick comment and to congratulate the hon. Lady on bringing forward this important issue. Northern Ireland and the rest of the United Kingdom have pursued the rules and regulations with almost evangelical zeal. However, it has been reported that battery cages that are now obsolete in Northern Ireland and the rest of the United Kingdom have been sold to other European countries that flagrantly disobey Europe's rules. Does the hon. Lady feel that the Government should make strong representations to Europe to ensure that such contravention of the legislation does not take place?

Miss McIntosh: The Minister will have heard the hon. Gentleman's comments, and I invite him to respond. It is perverse to introduce regulatory costs for manufacturers, retailers and processers at this time.

Jason McCartney (Colne Valley) (Con): Will my hon. Friend give way?

Miss McIntosh: I would like to make some progress.

I put it to the Minister that he has three options before 1 January. The first is to do nothing, as he set out in his recent written statement to the House, and to let the ban lapse before it even takes effect and to offload the costs of policing processed products—not shelled eggs, but eggs in powdered, liquid and other forms. That would be unacceptable.

The second option is to take unilateral action, and the Commission clearly states that the Minister would be entirely within his rights to do so. Indeed, he said in the Government's response to the Committee's ninth report on the welfare of laying hens directive:

"We will be pressing to ensure that the Commission initiate infraction proceedings against Member States whose caged egg producers are non-compliant".

He went on to say that the Government would also consider taking unilateral action:

"The Government has thoroughly investigated the possibility of taking unilateral action and bringing in a UK ban on all imports of egg and egg products which have been produced in conventional cages in other Member States".

What has changed the Minister's mind between the quite recent date of publication—25 November—and today? The Minister should take unilateral action, rejecting shell eggs or egg products in powdered, liquid or any other form, based on the legal letter and the legal basis of the directive, backed up by the commissioner's response to the Committee.

The third option that I invite the Minister to consider is to tour European capitals. It is not up to members of the Committee. We had a warm response from the incoming President, the Danish Agriculture Minister, when we made a visit two weeks ago. She asked the Committee which other capitals we had visited, and which other Ministers we had met. I regret to say that I had to respond that we are not allowed out very often, so it is not really the role of the Committee. It is the role of Ministers from the 14 compliant member states to tour member states to secure—if the Minister does not want to take unilateral action—a multilateral ban on their part. There are 14 or 16 other countries—we are not entirely sure how many—who will not comply.

Mr Paice: I am interested to hear that my hon. Friend spoke to the new Danish Minister. Did she ask what the Minister was planning to do? I did, last week, and the answer is nothing.

Miss McIntosh: I am delighted that the Minister met his counterpart, but that is not what she said to us. She said she was aware that the Commission would take action. I put it to her, as I put it to the Committee this morning, that there will be inaction for three months, while just a reasoned position is issued under the Court proceedings. When we left, that Minister—the incoming EU President—had a completely open mind. As I said to her, it is quite within the rights of the Council of Ministers to overrule the Commission and rely on a multilateral ban. That is a matter of disagreement between the Minister, the Committee and the egg industry, and it would help us this morning if the Minister provided the legal advice on which the Government depend.

In his conclusions in a written statement on 6 December the Minister mentioned marketing regulations:

"Because of a loophole in the egg marketing regulations, we cannot prohibit the marketing of any eggs produced in conventional cages from 1 January 2012 which are sent to processing (whether

sent as ungraded or class B), nor can we prohibit the use of any products made from such eggs."—[*Official Report*, 6 December 2011; Vol. 537, c. 17WS.]

That is not the case, and I repeat the words of Commissioner Dalli:

"Concerning unilateral action, Member States are responsible for the enforcement of Union law. They have the power and the duty to keep products produced illegally off their markets."

The Food and Drink Federation is equally concerned and has said, in its briefing for today's debate, that it shares concern that a number of other EU member states still do not appear ready to meet obligations first set out in the 1999 directive. It continues:

"It is also highly regrettable that the absence of mechanisms to prevent intra-community trade in non-compliant eggs exposes food manufacturers and others to the risk of inadvertently buying them."

Mr Paice: They agree with us.

Miss McIntosh: The Minister says that retailers agree with the Government, but with the greatest of respect, retailers and processors do not agree with them. The Government are offloading the responsibility for applying the directive on to retailers, processors and the manufacturers of quiches, pizzas, cakes and other products.

Mr Paice: Will my hon. Friend reread what she just read out from the FDF? It clearly states that it agrees that it is a pity there is no mechanism. That is what she read out, and that is the Government's position. The FDF agrees with the Government that there is no mechanism for us to establish the ban that she wants.

Miss McIntosh: That highlights the kernel of the disagreement between the Minister and the Committee. Will he explain precisely what the loophole is in the egg marketing regulations? Are they EU regulations or UK regulations implementing EU regulations? The Committee is at a disadvantage, because we do not have access to the legal advice on which the Government have based their opinion. If the Minister would be good enough, in his response, to clarify the legal position on the importation of non-compliant shell eggs for processing, liquid and powdered egg and egg products contained in prepared foods, it would be a great step forward. Will he also state precisely what loophole in the egg marketing regulations he believes allows the marketing and sale of all eggs and egg products, aside from class A eggs? Will he satisfy us this morning as to whether he really means that because only class A eggs are covered by the egg marketing regulations DEFRA has simply chosen to put that interpretation on the legislation?

As a currently non-practising lawyer, who practised law in two different law firms in Brussels, I accept that asking two lawyers for their opinion might produce two different legal opinions. It seems that the British Egg Industry Council has one legal opinion, and the Government rely on another. It would be helpful for us to learn precisely the terms of that opinion. I have quoted Commissioner Dalli's belief, which is widely held, that the European Commission is clearly saying that the United Kingdom would be entirely within its rights to choose to prohibit the importation not just of class A shell eggs but also shell eggs destined for processing, and liquid and powdered eggs, from non-compliant sources, from 1 January 2012.

The Commission infraction proceedings will take place only from 1 January, with a reasoned opinion against the 10 or 11 remaining member states that do not comply with the directive. That will mean that no reference to the Court of Justice, or legal proceedings against the ban, can happen until 1 April 2012. The consequences of failing to act are huge. Bearing in mind the fact that we all—consumers, manufacturers and parliamentarians—welcome a ban on battery cages, the consequences of failing to act cannot be quantified.

Consumers were led to believe that the ban would be in place from 1 January 2012. Egg producers have made an enormous sacrifice and invested hugely—£400 million—in enriched cages. There will be huge consequences for producers who are disadvantaged. As to what the costs will be to the manufacturers, processors and retailers who are being asked to check the eggs on import, to make sure that they are compliant, perhaps the Government would like to share a figure with the House this morning. Perhaps we should also look ahead to 1 January 2013.

When the Conservatives were last in power, we imposed a unilateral ban on sow stalls and tethers, which disadvantaged our pig sector and has led to consumers buying cheaper cuts of pigmeat produced with less animal welfare-friendly methods since the early '90s. I want an assurance from the Minister that a level playing field is not elusive, that we can achieve it, that we can allow our egg producers to compete across the European Union and that we will not accept any imports of shell eggs or any other products from 1 January 2012.

11.20 am

Dr Eilidh Whiteford (Banff and Buchan) (SNP): I congratulate the Chair of the Select Committee on Environment, Food and Rural Affairs, the hon. Member for Thirsk and Malton (Miss McIntosh), and the other members of the Committee on securing today's debate and on raising an important issue.

I came to the issue because there are a number of small and sizeable egg producers in my constituency, which support the local rural economy and provide jobs. Over the past few years, they have invested heavily in upgrading their facilities. I am aware that, of the £400 million that has been invested across the UK, at least £7 million was invested in my constituency by small and medium-sized firms.

The comments made by the British Egg Industry Council are important to the debate. The critical issue for the producers who have contacted me is that, although they have invested heavily, they are being put at a competitive disadvantage. They are concerned about their businesses in what are already difficult economic times for all rural businesses, and they are concerned that the reward for their investments and for improving what they do is to find their profits reduced and their businesses becoming ever less viable.

Jim Shannon: Clearly, in the hon. Lady's constituency, similar to my own, many people have borrowed from banks at a time when they can least afford to do so. They feel that they are comparatively disadvantaged as a result. Does she feel that banks should give some leniency at this time?

Dr Whiteford: The hon. Gentleman makes a valid point. Certainly, banks in the rural economy have recently tightened up their lending processes, which is regrettable

[Dr Whiteford]

when agriculture globally is ripe for investment and is a good investment. Such businesses are often asset rich, but they need credit, as farmers all over the world do. Banks can do a lot more at present to support the rural economy.

I confess that I was incredulous when the BEIC raised the issues with me. It struck me as bizarre that some EU members are still not complying with the legislation 12 years after it was passed. One of the most pertinent points today is that not just new accession EU countries are failing to comply with the legislation, but long-standing and established EU members seem to be shrugging their shoulders and letting the issue go by.

One of the most significant issues is that there has been a complete lack of foresight regarding compliance measures. I still find it quite incredible that the enforcement measures are so weak. Enforcement measures by member states may be dismissed as a business expense by the companies that are failing to comply with the law. There are big lessons to be learned about how seriously we take legislation. At the heart of the matter, it is a legal issue. It became clear back in July just how weak the legislation and compliance measures were; that is important.

I welcome the fact that the Government have looked at contingency plans. I wrote to the major supermarkets in July this year, asking them to confirm that they would ensure that their own-brand products would comply with the law and that they would not import products. To be fair to Asda, Morrisons and Tesco, they all wrote back to me to say that they could do so with their own-brand products and the eggs on their shelves, but there was no commitment on the other products that they import from suppliers. That is where the challenges lie.

In a context where the law is absolutely ineffective, I welcome the contingency measures taken by the Animal Health and Veterinary Laboratories Agency, but they are not a substitute for proper legal enforcement. We still face the issue that liquid eggs from Holland and Germany might originate from non-compliant countries. Until we deal with the legal issue, I do not think that we can move much further forward—it makes a mockery of the law.

The hon. Member for Thirsk and Malton absolutely hit the nail on the head when she posed the key question about the loophole in regulation. Does that originate from our own laws and regulations, or is it an EU-wide issue? I hope that the Minister will address that and share the legal advice that has been given. The loopholes need to be closed with some urgency.

As we consider how we move forward, I hope that we will ask how on earth we will instil any confidence in new legislation if it cannot be enforced. Farmers are already talking about the problems of complying with regulation. If there is one issue that farmers in my constituency—not just poultry farmers, but livestock and arable farmers—are concerned about, it is compliance. They feel that our compliance, regulation and inspection regimes are much more rigid than those in other parts of the EU. In some cases, they are absolutely right, and that makes it more difficult for them to earn a living and operate internationally. If we cannot even enforce the laws that we make with a 12-year lead-in period, it makes a mockery of the law. I hope that the Minister will take that on board.

11.26 am

Neil Parish (Tiverton and Honiton) (Con): It is nice to serve under your chairmanship today, Mr Amess. I, too, thank the Chair of the Select Committee on Environment, Food and Rural Affairs, my hon. Friend the Member for Thirsk and Malton (Miss McIntosh), for securing the debate; we all supported her in securing it.

I do not think that the Minister should be in the dock this morning; it should be the European Union and the European Commission. As has been said, directive 1999/74/EC is 12 years old. What has the Commission done about it in the meantime? Last June, Commission officials came to see us in our Select Committee, and we had figures from Spain. There are 42 million hens in Spain, of which 2 million are free range and 40 million are either in enriched or in non-enriched cages; people did not have a clue as to how many hens have been put into enriched cages. How can we be confident that Spain is converting? Will it have one or two poultry houses on each farm that have converted to new enriched cages? In that case, an awful lot of eggs produced in non-enriched cages in other parts of the same farm could find their way on to the market as grade A eggs. There are many reasons for the Commission to get strong.

Spain has a record of non-compliance, especially on welfare standards. When I was in the European Parliament, I chaired an all-party group on animal welfare. When it came to achieving welfare requirements, Spain was always one of the worst for compliance. Basically, the responsibility goes from the national Government to the regional and local governments—people pass it from one to another and wring their hands, and nothing gets done.

The Commission has seen this coming. In our Committee last June, we told it that hens, which will lay for 13 months, were going into non-enriched cages. One does not need to be Einstein to work out that, when 1 January arrives, lots of eggs will still come from non-compliant cages. We want to see action taken on that.

It has cost our industry £25 a bird to convert to enriched cages. Let us not forget—I have said this before—that the poultry industry does not receive any money from either the common agricultural policy or the single farm payment. It has to compete on not only a national stage, but an international stage. This country has a good and highly competitive poultry industry, but the industry cannot stand having many inferior eggs, produced under lower standards, coming into the country. The industry reckons that it costs 11% less to produce in non-enriched cages than in enriched ones. We need to take action.

I commend the Minister for his work with retailers. In the end, whether it is the law or not, we must physically ensure that such eggs do not come in. The best way to do that is to look at what we are eating and where the egg has come from. Not only shelled eggs are imported; we reckon that about half the 18% that we import comes in liquid and powder form. That is the area—where they could well get in—that causes me most concern. By working with retailers, we can stop a lot of that happening.

The Commission has a problem because it has taken no action for so long. At this time of higher food prices, it will be difficult for the Commission to smash 45 million eggs a day. That will not look terribly good to the consumer.

Glyn Davies (Montgomeryshire) (Con): I have huge respect for everything that my hon. Friend the Member for Tiverton and Honiton (Neil Parish) says on such issues and I sympathise hugely. The issue comes down to whether the UK should take unilateral action on 1 January. I think that the Select Committee would agree on everything else. I am interested to know my hon. Friend's view on whether the UK should take unilateral action.

Neil Parish: I am sure the Minister will cover this matter in his summing up, because it relates to legal advice. As my hon. Friend the Member for Thirsk and Malton said, one can get two or three lawyers in a room and have two or three opinions. I am interested to hear what the Minister has to say on legality.

I still maintain that we must look at the market; otherwise we will be left with inferior eggs produced under lower welfare standards. From a food point of view, there is probably nothing wrong with the eggs, but they are not compliant. We must ensure that they are driven down in price, so that it is uneconomic for farms to produce them across Europe, and in the end that becomes a matter of the market. If we can drive those prices down, so that those eggs are only worth half a grade A egg, it will not take too long. Farmers may be many things but they usually work out the law of economics, and they will soon find that it is uneconomic to produce those eggs, especially with the high cereal prices at the moment. That must be our main goal. I am happy to slate supermarkets when they do not get it right, but they have got it right in this instance.

Huw Irranca-Davies (Ogmore) (Lab): The hon. Gentleman is making a powerful contribution to the debate. Assuming that the Minister will not say that he has found alternative legal advice and that we can have a unilateral ban, does the hon. Member for Tiverton and Honiton (Neil Parish) agree that it is right to have a live updated rolling register positively identifying those supermarkets that comply with the Minister's request and, by implication, identifying those that do not? The only way to do this through a market as opposed to a legal mechanism is to name and shame, as mentioned by the hon. Member for Montgomeryshire (Glyn Davies). Let us recognise the good producers and processors and vilify those who do not maintain the highest standards of animal welfare and British food production.

Neil Parish: I could not agree more with the shadow Minister; it is a case of name and shame, and we need to know where the eggs have come from. I have looked at where all the beef, lamb and so on in supermarkets comes from. It would be good to discover not only the method by which the eggs have been produced, but where they have come from. I believe that the British public are more and more interested in where their food comes from and are keen that it is produced not only under higher welfare standards, but in this country. It would be a double-edged sword: we would look at not only non-compliant eggs, but where they were produced. That could be very good.

Jason McCartney: I join my hon. Friend in praising my hon. Friend the Member for Thirsk and Malton (Miss McIntosh) for securing the important debate. I am here because two egg producers from my area got in touch. One has willingly and enthusiastically invested tens of thousands of pounds in new facilities, believing in high welfare standards in the UK. However, I would like to echo the point about the economic argument. At a time when supermarkets are pushing prices down and when people are suffering because of the economy, it is important not to put such producers at an economic disadvantage. We need to support them in any way that we can. I like some of the ideas that we have just heard on naming and shaming and supporting high welfare standards in British eggs.

Neil Parish: That anticipates my final point. The industry has to deal across Europe in a single market. The European Commission is not taking the right steps to ensure that that single market works properly; there are inferior eggs on the market, and it is not doing enough about it. I commend the Minister for the agreements that he has made with retailers and supermarkets. If we can work with them to stop as far as possible these eggs coming in and drive down the price of B quality eggs, so that they are uneconomic to produce, it will not take so long for those countries that have not conformed to do so quickly. In the end, we have to ensure that we look after our own highly competitive producers, to ensure that their investment bears fruit and that we have high-quality, good welfare standard eggs, which we can all buy with confidence.

11.36 am

Mr Mark Spencer (Sherwood) (Con): It is a privilege to serve under your chairmanship for the first time, Mr Amess. I congratulate my hon. Friend the Member for Thirsk and Malton (Miss McIntosh) on securing the debate. The last parish notice that I want to draw attention to is my entry in the Register of Members' Financial Interests, as I am a free-range egg producer.

This matter has been a long time coming. For 12 years, the EU has had the legislation in place. Some colleagues have already referred to the pig industry. In the Sherwood constituency, a number of pork producers have disappeared over the past 10 years simply because we introduced legislation to improve animal welfare and our colleagues in the EU did not do so at the same speed. In effect, we exported our pig industry to Holland and Poland, which produced cheaper pork products due to their lower animal welfare standards. We are in danger of allowing that to happen again to our egg producers, which is simply morally unjustifiable. Any assistance that the Minister can give to our egg industry—I know that he is working hard to make it a fair playing field—would be most welcome.

The matter comes down to policing. Who will police the issue to ensure that the legislation is enforced and that we can deliver that fairness not only for our farmers but for hens crammed into tiny cages for their whole lives? The Government clearly have a role to play, if they can find a way to enforce this. Producers also have

[Mr Mark Spencer]

a role in ensuring that consumers and the general public understand the issue. It is important to include food production in the curriculum, so that people understand it, because more such issues will inevitably occur.

Let us cast our minds back to how some of our colleagues on the continent took direct action. Many hon. Members will remember images of Welsh lamb being pulled out of refrigerated lorries and burned by our colleagues over the channel and how the Germans put a unilateral ban on British beef some years ago because they decided there was a safety issue. We are very passive in the UK at times—we play by the rules and we play fair—which is sometimes to our disadvantage. We need to find a legal way to ensure that we deliver.

My real call is to consumers of products to put pressure on retailers and food producers to ensure they have the criteria in place, so that those egg products are sourced from enriched cages or free-range units, and not from battery hens. The power of the market will deliver, but that will require consumers to put people under pressure. In a restaurant, if we order a boiled egg, we ask "Is this free range?" but we never ask where our mayonnaise, or products that involve egg paste, come from. If we buy a sausage roll, it is probably basted with an egg wash, but we never ask if the egg is free range.

Consumers have a big role to play in applying genuine pressure. Every time they go for a pub meal, they should ask the manager whether the eggs are free range, and when they buy mayonnaise in the supermarket, they should write to the mayonnaise company asking whether it is made from free-range or enriched-cage eggs. In that way, the market will deliver, and the £400 million that British producers have invested will have been worth their while. Perhaps we can find a way to support British egg producers, who have the highest welfare standards and the best quality eggs in the world. If we can get that message across, I am sure that we will work our way through this.

Mr David Amess (in the Chair): We have plenty of time before the winding-up speeches, if any other colleagues wish to contribute. I call Huw Irranca-Davies.

11.41 am

Huw Irranca-Davies (Ogmore) (Lab): I will do my best to fill the available time, Mr Chairman, and will happily take interventions. This is a good chance to have a detailed debate.

I welcome the debate, and I genuinely congratulate the hon. Member for Thirsk and Malton (Miss McIntosh) on securing it, in her role both as a constituency MP and as Chair of the Environment, Food and Rural Affairs Committee. I also congratulate the members of the Committee on making this very much a live issue. It should be attracting the attention of parliamentarians and the wider public, and I will consider in a moment how we should deal with the consumer and market issues. I also welcome the expert, knowledgeable and detailed way in which the hon. Lady introduced the debate, and I note—as the Minister will have done—the significant differences that have emerged between her, as Chair of the Committee, and the Government, even though their positions support each other in many ways.

I very much welcome the comments from other contributors, including the hon. Member for Banff and Buchan (Dr Whiteford). Am I pronouncing the constituency name correctly?

Dr Whiteford: It is Buchan.

Huw Irranca-Davies: Ah, it is a Welsh pronunciation, with the "ch" sound. I am dying to see how *Hansard* transcribes that. The hon. Lady mentioned the importance of recognising and rewarding good producers and the investment they have made, and that has been a common theme of the debate.

The hon. Member for Tiverton and Honiton (Neil Parish) made a very good contribution about how UK producers' investment should bear fruit, or at least produce good eggs. He was certainly supportive of the idea, and I saw nodding heads on both sides of the House, of clearly identifying which producers, processors, retailers, supermarkets and restaurants use not only good shell eggs but good liquefied and other processed eggs, and which do not. There is some scope for the Minister. We might have a way forward, together with the UK egg producers and the various representative organisations.

The hon. Member for Sherwood (Mr Spencer) spoke very well about his experience with free-range hens. My household has always had a few, just for our own consumption. It has been a long-standing tradition on our smallholding, but I cannot compete with the hon. Gentleman's much more extensive expertise. He rightly pointed out that we could do a lot with the power of consumers and the markets, but we have a heck of a long way to go.

I draw parliamentarians' attention to research by YouGov and the Royal Society for the Prevention of Cruelty to Animals. The RSPCA would like to go even further towards free range and away from any sort of caging, but it has done an interesting analysis, which the Minister might not be aware of because it has, I think, come out only in the past few days. It looked at people's awareness of the legislation, and at their buying power as consumers; 69% of them wrongly assumed what the law would mean for hens and animal welfare. A further 19% had not heard about the legislation at all. A fifth wrongly assumed that all battery cages would now be banned; 8% thought that all hens would now be free range and 1% thought it was something to do with farmers having to play music to their hens. We have a long way to go, not only in working with the retail sector, including supermarkets, but in highlighting the issue to consumers so that they can genuinely drive change in the market, but that is not all that I shall talk about today.

Glyn Davies: I cannot allow that 1% figure about playing music to hens to pass without comment. I may be the only person here who has been a farmer, with 20,000 battery cages. It was unheard of not to play music. The whole point is that opening a door should not surprise the hens and make them jump around, so playing music in battery cages is common practice.

Huw Irranca-Davies: I will not exhaust your attention, Mr Chairman, by asking what music the hon. Gentleman played. As an ex-punk, I think my taste in music might startle the hens, but I am glad to hear that music is played. Was it classical?

Glyn Davies: Springsteen.

Huw Irranca-Davies: As we know, Council directive 1999/74/EC will make it illegal to have laying hens in conventional battery cages across the EU from 1 January 2012, after which date egg production will be allowed only in enriched colony or non-cage systems; for example, free range, barn or organic. We have heard today that Members on both sides of the House agree that that is appropriate, and there has been none of the discussion about gold-plating that we often have with EU regulations. The directive has been welcomed, both for animal welfare and for food production standards, and it might well benefit UK production and producers, if we can get it right. It is also good for the quality of the eggs and egg products that we eat every day. The significant problem is that not every EU nation will comply with the directive—13 of them will not—which poses enormous challenges for the UK egg industry. The industry's response to the Minister's written ministerial statement on 6 December 2011 was that it feels "totally let down" by Ministers on this important matter, and I want to look today at why it feels that way and at what must be done.

I compliment the UK egg industry on its responsible approach to the directive over a number of years, with investment in the region of £400 million to convert conventional cages to enriched ones. The capital cost of an enriched colony unit is between £20 and £24 per bird place, and the National Farmers Union has stated that for a producer with a medium-sized cage unit of about 100,000 birds the cost of erecting the new units is, on average, in excess of £2 million—not an insignificant amount. Free-range egg producers have also invested heavily in preparation for the directive, and that has been a draw on the industry, which, as has been mentioned, is a competitive market that does not receive EU support. The NFU has also stated that the majority of birds in the UK will be in enriched cages by January 2012, which is to be welcomed, and that all lion scheme producers will be converted in time.

A lot of work has been going on over recent years, with many people investing heavily to comply, but the problem is that the UK is not self-sufficient in eggs and egg products. We import 15% of our egg requirements, and valid concerns remain about whether imports from January 2012 onwards will come from EU nations that comply with the directive, and about the possible impact on the UK egg industry, including on prices. One of the industry's fears is that prices will be driven down, with cheaper eggs and lower standards.

In a move that was openly welcomed by the UK egg industry, the Minister recently dangled the potential for a unilateral ban on eggs from EU nations that do not comply. However, in his statement last week, he decided that it was "not a realistic option". Having raised that possibility, why can the Minister not now deliver it? It will leave many egg farmers feeling that he failed them.

What has the Minister delivered? He has given an unequivocal assurance that DEFRA and the devolved Administrations will enforce the conventional cage ban from 1 January 2012. I think that everybody in this debate will welcome that and how the industry, the devolved Administrations and DEFRA have risen to the challenge. He also stated that a risk-based surveillance scheme would be introduced to ensure that imported shell eggs from other member states produced in compliance with the cage ban would be in place from 1 January 2012. *[Interruption.]* He is nodding.

The Minister also said that Animal Health and Veterinary Laboratories Agency surveillance would be conducted on imports of shell eggs, using ultraviolet light analysis, to identify batches of caged eggs that are not from an enriched environment. However, he also acknowledged that due to the loophole in the egg marketing regulations, he could not prohibit the marketing of egg products from conventional cages sent for processing, nor could he prohibit the use of products made from such eggs. That is a significant loophole.

However, the Minister made the welcome announcement that retailers, food manufacturers, food service companies and processors have come out in public support of the UK egg industry. I do not make many puns in debates such as this, but those good eggs, reflecting earlier campaigns on the issue, are to be complimented on the steps that they have taken and will take. The British Retail Consortium, whose members include McDonald's, Starbucks, the four major supermarkets and many other brand names, will ensure that they do not buy conventional caged eggs or use them in their products. Furthermore, he outlined that the Government would make necessary changes to the Government buying standards' mandatory criteria to ensure that eggs produced in conventional cages are not used in any form, whether fresh, powdered or liquid.

After that seemingly wide-ranging set of measures, why does nobody in the industry seem happy? I suggest to the Minister that it may be a case of trying to look busy while failing to deliver the one thing that he strongly hinted was possible, a unilateral ban. The industry is now being overwhelmed with many different initiatives as a diversion. Perhaps they will forget the fact that they think they have been led up the garden path. It is a classic case of over-promising and under-delivering, which is never a good strategy.

[Sandra Osborne *in the Chair*]

The British Egg Industry Council says that the measures are not good enough and that the Government could have introduced a complete ban on all illegal products in the UK. Its chief executive, Mark Williams, said:

> "The UK egg industry feels totally let down by the Government. Whilst we have received repeated platitudes of support from DEFRA, it has failed to back these up with any real action. Our legal advice has confirmed that the UK Government is able to enforce UK and EU law by banning illegal eggs and egg products, so why have they chickened out?"

That is his pun, not mine.

Although the National Farmers Union has welcomed the measures taken by Government, it has stated categorically that

> "our members will certainly be bitterly disappointed that it has not been possible to take tougher action."

One British egg farmer, Duncan Priestner, echoed the concerns of many, including the NFU, when he said this week that he feared some food producers would be

[Huw Irranca-Davies]

tempted to buy eggs from illegal systems in Europe, because they will be cheaper. He said:

"It will drive down the prices that farmers get. Like the pig industry",

which has been referred to,

"that will put us in a very difficult financial position."

Mr Spencer: The UK is clearly not the only country in the EU that will be compliant on 1 January. Does the shadow Minister know of any other Ministers in the European Union who will take unilateral action within their own country?

Huw Irranca-Davies: The hon. Gentleman raises a good point. I will come to that, if he will bear with me. There is a case, if not for unilateral action, then for doing what the Chair of the Environment, Food and Rural Affairs Committee suggested and considering the possibility that like-minded countries might take multilateral action to enforce the EU directive much more rigorously and aggressively and in a joined-up way. There are like-minded countries out there. With my limited experience of EU negotiations, I suggest to the Minister that that is a fruitful way forward. We should be sitting down with those of the same mind and discussing how to work within the EU directive after 1 January. Even if we cannot do it unilaterally—I will ask about the legal advice in a moment—we could do it in a joined-up way with like-minded countries. As I have given him that forewarning, I am sure that he will be able to tell me what discussions are occurring.

The good work of the NFU Poultry Board has been referred to. Its chairman, Charles Bournes, said:

"We are concerned that although the Government has repeatedly pledged its support for the industry, it cannot prohibit the use of illegal egg products and food manufactured from such products."

On the back of those comments, I have a series of questions for the Minister.

Given that the British Egg Industry Council and others have stated that their legal advice is that a unilateral ban is possible, will the Minister publish the legal advice that he received on whether the Government would be able to enforce a unilateral ban on the import of conventional caged eggs? As he knows, we requested that advice in a written parliamentary question last week. We expect the Department's reply any day now, if not today.

In response to the intervention by the hon. Member for Sherwood, will the Minister update us on whether he intends to work with like-minded countries to see whether a rigorous form of enforcement or a multilateral ban could be employed by other countries that have complied with the directive and are concerned for their own industries? It is not only about supporting British industry; it is also about supporting higher animal welfare standards. I am sure that those countries would be willing to work on that, with some good negotiation and persuasion from the Minister.

In the absence of full compliance from 1 January, will the Minister commit to making a quarterly statement to the House about the progress he is making within the EU on negotiations, particularly on getting the 13 other members to implement the directive fully, and on what additional work he as a Minister, his officials at DEFRA and UKRep are undertaking to level up the playing field promptly? Will he also update Parliament on the level of non-compliant imports? I think that we will all be extremely concerned if, as a result of the non-level playing field after 1 January, imports increase, particularly eggs and egg products from non-conventional and enriched cages.

We have all seen the recent furore under this Government over humans arriving in airports and ports and being waved through. What hope is there for eggs? What assurance can the Minister give people who are sceptical that imports can be checked for compliance with the EU directive? As an hon. Member said in the debate earlier, what specific additional resources will the Minister make available for policing the directive, and at what cost?

AHVLA surveillance of imports of shell eggs will use ultraviolet light analysis. I understand that the method has not been used specifically to identify different types of caged egg production, although it has been used to identify eggs from alternative systems. What assurance can the Minister give that that type of monitoring is 100% effective? If it is not 100% effective, what level of surety do we have that it is an effective way to monitor and police egg imports? His recent statement made little mention of powdered or liquefied egg. What assurance can he give that imported powdered or liquefied egg will not come from hens in conventional cages?

Will the Minister push the European Commission to take swift action with meaningful financial penalties against any country guilty of non-compliance on shell eggs or egg products after 1 January? Will he take a hard line in discussions with the European Commission on non-compliant countries? That would give some assurance to egg producers in this country that there was at least an attempt, in the way we know other countries do with us, to try and level up the playing field rapidly. What can the Minister do to ensure that the UK egg industry will not be undercut on price by eggs and egg products from conventional cages from any of those 13 non-compliant states? We welcome the Government's commitment to introduce changes to the Government buying standards mandatory criteria, but why did it take so long to produce them? Why were they so late? Will he guarantee that the changes will be completed and enforced by 1 January 2012, and that all Departments, without fail, will not be using, in this context, conventionally caged eggs in any form—shell, liquid or powdered? It would be wholly inappropriate for the Government to fail to introduce these measures properly, and to fail their own standards, after asking much of the egg industry and many retailers—food manufacturers, food service companies and processors—to invest heavily in preparation for the ban.

Given that the UK's enforcement strategy is to ensure that all those in the industry have stringent traceability tests in place to ensure that they are not using conventional cage eggs, what assistance is the Minister giving them—not policing, but giving the industry—to ensure that they are fully prepared? Are there additional costs that the industry will now have to take on to ensure compliance, and what assistance is the Minister giving if that is the case? Is he undertaking further action to assist our whole supply chain in the UK to prepare for this directive, or is that now it? They are ready, up and running, and it is a competitive market.

The Minister promised much, but the results have fallen short, as we have heard from the industry. In EU negotiations, there was a failure to level the playing field upwards in favour of higher animal welfare standards, and, I have to say, in favour of UK producers and jobs. However, he had a plan B, which was nothing to do with walking out on negotiations; it was actually to impose a UK unilateral ban. Despite the good promises and the fine words, I wonder whether he has been "Sir Humphried" by his officials on internal legal advice. We must now rely on voluntary enforcement—a sort of big society approach to welfare in UK food production. Perhaps I could suggest to him a reliance on the good and bad in business, highlighted by the Leader of the Opposition in recent contributions.

Finally, when all else has failed, will the Minister work with the industry, hon. Members here today and us to produce a definitive and up to date rolling register of all those who source shell, powder and liquefied eggs from enriched cages? Food processors, retailers, restaurants and others on the list would be demonstrably good eggs, and by implication everybody else would be bad eggs. We would support the Minister strongly in that, but anything else will be seen as a slap in the face for the UK egg industry.

I have already written to all those in the supply chain in the UK, asking in detail what they are doing to comply with the EU directive, both those on the list produced by the Minister and all other significant players. I guarantee our support if the Minister produces a live rolling register, because that seems to be the only tool left in the box at the moment. We have a lot of work to do, as I alluded to with the findings of the RSPCA, and we will do it. If the Minister does not, I am convinced that the industry will do it separately and alone, and we will work with them.

This is by no means a complete list of questions or of the concerns of many inside and outside the UK egg industry, but they are some of the key questions left to be answered by the Minister. I hope that he can provide the assurances that many are seeking—in the industry and in the Environment, Food and Rural Affairs Committee, which has done such good work on this—so that we can drive up animal welfare standards and the protection of the very best in UK food production, as I know he is convinced we must do.

12.4 pm

The Minister of State, Department for Environment, Food and Rural Affairs (Mr James Paice): I thank my hon. Friend the Member for Thirsk and Malton (Miss McIntosh) for securing the debate and for the way in which she introduced it.

Obviously, I am aware of the importance of this issue. Hon. Members from all parts of the House have written to me about it in the past year to 18 months. Indeed, as I shall come to describe, it is something with which I have been closely involved ever since I took up my ministerial responsibilities. There is much on which I think we can all agree. However, before launching into that, I want to put on the record that I strongly resent and resist accusations that I have done nothing—as my hon. Friend suggested, when she said that I could do nothing, as was clear in my statement. I also reject the hysterical comments that have been made by those who allegedly represent the industry. They are not constructive, and they are not factual in a number of cases.

As hon. Members, including the hon. Member for Ogmore (Huw Irranca-Davies), have clearly stated, the provision has been in existence for 12 years, since the 1999 directive that bans the keeping of hens in conventional battery cages from 1 January. It has been widely welcomed on all sides of the debate, even from those who would prefer it to go further, as the hon. Gentleman has said. I have said in the Agriculture Council and in this country that every country has had 12 years to prepare. Even the newer member states, which were not members at that time, knew what they were signing up to. There is no excuse, in the Government's view, for any country not to have done everything it could to ensure that its producers comply.

Clearly, the directive is a huge challenge and great concern to the industry. I join my hon. Friends and hon. Members from other parties in congratulating the producers who have invested approximately £400 million in preparing for the ban by converting either to the enriched systems or to other systems. We know that the vast majority of UK producers will be compliant by 1 January. Of the remainder, we expect many of them will be leaving the industry at the end of the year or shortly after that, as soon as they can get their hens into an abattoir. As has been said, there is a different picture across Europe, with 13 of the 27 member states saying that they will not be ready. It has taken a long while for the Commission to get that information. As several hon. Members have said, there could be approximately 50 million hens in conventional cages across the EU. On 1 January, those will be unacceptable conditions.

We have been working hard to try to protect our producers, who have invested £400 million. As my hon. Friend the Member for Tiverton and Honiton (Neil Parish) has said, that works out at about £25 per hen. I have said several times to the industry, and I do not resile from this, that we will do all that we can to protect it. I believe that we have done that within the bounds of legislation, and I shall come on to that. Alongside what we could be thinking about doing in this country, we are still pursuing the UK's interests in Brussels. Despite the fact that it is not satisfactory, we have made some steps forward.

It is more than a year ago now—in fact, it was September 2010—when Commissioner Dalli visited this country and came to the Department for Environment, Food and Rural Affairs. At that stage, I said to him that we were very concerned that member states would not be compliant. At that stage, the Commission felt that it would be "all right on the night". However, early this year it began to realise that that might not be the case. It asked all member states for a status report by the end of April. Not all member states complied, but it has recently received more information, to which I will refer, and which is the origin of the 50 million figure that I mentioned just now.

We have had a number of further discussions, both privately between myself and the Commissioner and at Council meetings. In September, the Secretary of State wrote jointly with nine other concerned member states to the Commission, urging it to act quickly. However, at the October Agriculture Council—this is very important in light of what my hon. Friend the Member for Thirsk

[Mr James Paice]

and Malton has said—the Commission ruled out the option of an inter-community trade ban, which it said is not legally possible. That is clearly on the record as a result of that Council meeting. I have to emphasise that it has warned member states not to do so individually. The Commission has told us clearly that there is no legal basis for a ban.

Huw Irranca-Davies: I thank the Minister for clarifying that point. Have he and his officials accepted that, or have they challenged it and sought alternative legal advice to take back to the Commissioner?

Mr Paice: I assure the hon. Gentleman that, of course, we have sought our own legal advice. I was going to mention that issue later, but I am happy to address it now. Please forgive me, Ms Osborne, if I read from my notes verbatim, but I need to get it right. I must stress that I am not reading out direct legal advice. Perhaps I can use this opportunity to say to him that I have answered his parliamentary question and that I suspect that he will get the answer today. As I am sure that he knows, I am afraid that the answer is no. Governments do not publish legal advice given to Ministers. That was not the case under the previous Government, and it is not the case under this Government.

The treaty on the functioning of the EU prohibits quantitative restrictions on imports between member states and all measures that have a similar effect, with limited exceptions to that general rule, including where they are necessary on animal health or human health grounds. The advice that we have received shows that it is extremely unlikely that a court would extend those exceptions to animal welfare grounds in these circumstances. The treaty also states that any restriction of trade must not constitute arbitrary discrimination.

Given the traceability issues around distinguishing between imported eggs that have been reared in conventional cages in other member states and those that have not—I will come back to traceability in a moment—any ban would have to be on imports of all eggs from a particular country, whether reared in conventional cages or not. That would clearly penalise compliant producers in other member states, which runs contrary to the principle of the free movement of goods. The hon. Member for Ogmore and my hon. Friend the Member for Thirsk and Malton raised the ban on sow stalls, which we implemented a long time ago in this country. If we apply the logic of the argument that we are discussing to that, we would have had to introduce a ban on all pigmeat, including that not introduced in sow stalls. Neither the Government at the time nor the previous Labour Government believed that they had the power to do that. It is quite clear that we do not have the legal basis to take such action.

Miss McIntosh: I am most grateful to my right hon. Friend for sharing the advice with us. The sad fact is that if we claimed there was an animal health issue with shelled eggs or their products, we could reject them. I submit to the Minister that the legal basis on which we can rely for either a unilateral or multilateral ban is the EU directive coming into force from 1 January, which finds its legal base in the treaty. We are breaking new ground here. This is the first time that the Commission has imposed a community-wide ban on animal welfare grounds. I therefore submit that the legal instrument is the directive. I ask the Minister to respond to John Dalli's comments that I read out about having the power and duty to keep products produced illegally off our markets, either unilaterally or, as the hon. Member for Ogmore (Huw Irranca-Davies) has said, multilaterally. I cannot accept that there are no grounds for a ban, because the EU directive is the legal instrument.

Mr Paice: My hon. Friend is right, but she needs to read that legal instrument to see what powers it gives member states to introduce a ban. The fact is that it does not give those powers. The Commissioner has been through this over and over again. I have had private meetings with him and with others as well. He is absolutely adamant that there are no powers available to him or member states to introduce the ban in the way in which my hon. Friend has advocated

I hope that I can clarify the matter by coming to traceability, which is right at the heart of the issue. Before getting to that, I shall finish my point about the Commission's role. Once Commissioner Dalli realised that there was going to be a big problem, the Commission started looking for a robust enforcement approach that would avoid a large number of producers having to close down their operations. More importantly, as my hon. Friend the Member for Tiverton and Honiton has said, the Commissioner also wanted to avoid the destruction of millions and millions of eggs, which clearly would not have been right when many people are struggling to make ends meet.

At the same time, the Commissioner wanted to protect producers who have complied with the ban. He came up with the concept of what has been described as a gentlemen's agreement, which does not have a legal basis. Most of those member states who were expecting to be compliant did not like the idea. Those who were not compliant reluctantly agreed to the idea. I took the view that, although we did not want any slippage in the timetable, we had to face up to the reality that there would be non-compliant eggs and therefore something had to be done. In fact, the gentlemen's agreement died. There was clearly no prospect of a gentlemen's agreement, and it has not been progressed.

The Commission has acted on the practical things for which the UK has been pressing. As several hon. Members have said, it has begun pre-infraction procedures. More importantly, it has also asked for the action plans from all non-compliant member states to contain measures to accelerate compliance. In answer to the hon. Member for Ogmore, its intention is for a monthly report of those plans to be given to the Standing Committee on the Food Chain and Animal Health, which is known as SCoFCAH for short.

Huw Irranca-Davies: Once again, I thank the Minister for clarification on those points. Returning to the legal advice, has he sought clarification from his officials on the risk of the UK being found guilty and prosecuted for infraction for trying to abide by the very standards that the EU Commissioner wants to apply eventually throughout Europe? Considering the backdrop he has just explained about the EU Commission driving forward pre-infraction procedures, if the UK or other countries

were to go for a unilateral ban or a multilateral ban with like-minded countries, what is the likelihood of the UK facing infraction? If a country is infracted for not doing something, it is different from being infracted for doing the very thing the EU wants countries to do.

Mr Paice: The hon. Gentleman makes a perfectly reasonable suggestion. Obviously, I cannot tell him what the risk is. This is an extremely important point and, to go back in history, his Government took such a view about earlier issues when the boot was on the other foot. It is very difficult for someone to argue that other people are not complying with the law if they then proceed to break it themselves. Someone would lose a great deal of moral standing if they did that.

I want to make a final point about the Commission before I come back to the key issues. The Commission's Food and Veterinary Office missions will be targeted from the beginning of 2012 at non-compliant member states and, to help that, all member states have been asked to submit lists of compliant producers. We have asked for all those measures, because they will give some protection to compliant producers in the UK and across the EU. Clearly, that is not enough, which is why we have said that we reserve the right to take our own actions. Yes, we have thoroughly investigated the possibility of unilateral action and, when I have said in the past that we were considering the matter, I was saying it exactly as it was. I think that hon. Members who know me well enough will know that I would be keen to take action, but, unfortunately, the legal advice that I have had from within, plus the statements from the Commission to which I have referred, have led me to believe that we cannot do so. That is partly because of the practical issues and difficulties in enforcing such an approach.

Miss McIntosh *rose—*

Mr Paice: Let me continue, because I am addressing my hon. Friend's point about the issue of traceability. Perhaps I can also mention the point about the egg marketing regulations, because the two matters are interlinked. The answer to her question about the egg marketing regulations is that class A are shell eggs and they have to be marked with a producer number and a mark defining the production method—in other words, it would be code 3 from a battery cage or, from January, from an enriched cage.

Class B eggs, however, which are mainly used in manufacturing, are not required to be marked with anything—with either a producer number or a code—so there is no traceability, which is the key point. If we were to introduce a ban, it would have to be on all non-grade A eggs or on all powder and/or liquid. We could not differentiate them, which is the nub of the challenge that we faced. Because of that, as I suggested earlier in relation to the legal advice, we would have been accused of a discriminatory approach and would certainly have been in breach of the legislation.

Miss McIntosh: Will the Minister confirm whether the marketing regulations are European Union regulations or UK regulations? If they are EU regulations, we, as a country, would have had the opportunity to query them and, presumably, amend them when they were drafted. Will the Minister comment on that? I look forward to his response to other questions, but what will be the cost to the industry—to processors, retailers and manufacturers—of doing what the Government are asking it to do from 1 January?

Mr Paice: They are European regulations—there is no question about that—as I am sure the advisers to the Environment, Food and Rural Affairs Committee will have confirmed to my hon. Friend. We have, in recent months, asked the Commission—and we will continue to ask it—to amend those regulations. That has not happened so far, and I must confess that the Commission officials with whom we have had detailed discussions do not seem overly keen on the idea, so we are faced with having to operate within the existing legislation.

On the issue of what exactly is an offence, it will be an offence to keep hens in those cages, and we would prosecute under the Animal Welfare Act 2006. That is clear. However, it will not necessarily be an offence to be in possession of an egg from an illegal cage, but it would be an offence to try to pass it off as an egg from a legal cage. It is important to be clear about that.

On the efforts that we have made within the constraints, the hon. Member for Ogmore challenged me about the Animal Health and Veterinary Laboratories Agency and my description of the use of ultraviolet light. He is right that the technique has never been used directly in the way that we propose, but, as he has also said, it has been used to identify eggs from caged hens within batches that have been described as free range or barn eggs. Not until now has it been specifically used to identify different types of caged egg production, but we have had it independently validated, and I have looked at it myself. When an egg is laid, the shell is momentarily a bit soft and takes an imprint of the material on which it is laid. If it is laid on wire, it comes through clearly under ultraviolet light, which is obvious. If it is laid on any sort of softer egg-laying surface, which is a requirement of an enriched cage, that comes through as a completely different pattern.

I must also make it clear, however, that the use of ultraviolet light is simply a marker for us and would not, by itself, be the basis of prosecution. If any suspect eggs are found, we will ask the country of origin to confirm our suspicions about whether the producer—do not forget that the information will be on the egg—is compliant or not. That is how the system will operate. If the eggs are found to be from an illegal system, they will be prevented from being marketed as class A eggs and sent for processing—that is, as I have said, downgraded to class B. I have now explained the point about marketing regulations.

As of today, as far as we can establish, the average price per dozen of class A caged eggs, which are, of course, legal at the moment, is about 54p, while the average price per dozen of class B eggs is 29.4p. That is nearly 25p per dozen cheaper, which is close to 50% of the price. That is a massive price differential. I cannot believe that anybody will seek to import eggs from non-compliant cages and risk losing half the value of the eggs if we detect them. We have to be sensible. The economic impact on anybody who has their eggs downgraded will be absolutely massive, and I do not believe that they would risk it happening. As far as shell eggs are concerned, our measures will be sufficient.

[Mr Paice]

Let me turn to the understandably more concerning issue of processed eggs, which, as has rightly been said, represent about half the imports of egg and egg products into this country and approximately 9% of total consumption. As I have said, they are much less easy to trace, because the eggs are not required to carry any identification. That loophole causes us immense problems, which is why we have been pressing, and will continue to press, to get it closed. In the absence of that, we have had to use what opportunity we have, which, as I have said, is to work with the industry. The hon. Member for Ogmore is right and that is why I published a list in my statement, and was happy to do so, unusually, on the basis of name and shame. I am happy to update the list and, as of today, can add two more processors—Bumble Hole Foods Ltd and D Wise Ltd. That now means that nine of the major processors are on board, reducing still further the likelihood of eggs from conventional cages or their products being imported.

That is the situation. I am approaching the end of my allocated time and have almost finished addressing the issues, but I am conscious that I also need to respond to a number of questions. In the absence of the ability to instigate a ban, we have tried, as I have explained, to throttle the market. That is what it boils down to—we have tried to make sure that there is no market in the UK for illegally produced eggs or egg products.

I have dealt with the issue of legal advice. To return to my earlier intervention on my hon. Friend the Member for Thirsk and Malton, I have been in contact with like-minded countries in the EU. In the week before I made the statement, I telephoned them myself and not one of them is proposing any action yet. As far as we can establish, we are the only country proposing any measures from 1 January. Of course, I continue to work with them and, if there are prospects for more unified action, I will take it, but, as I have said, they are not minded to take action.

I have mentioned the regular monthly updates to the Standing Committee on the Food Chain and Animal Health and, in response to a question asked by the hon. Member for Ogmore, I will ensure that, somehow, that is brought to the House's attention. I cannot give him the information about non-compliant imports, because of the issue of traceability, which I have mentioned. We do not know whether such imports are non-compliant, and we are trying to ensure that they are not. The European Commission cannot impose financial penalties, which is a matter for the courts following infraction proceedings. On the industry's issues, it has not provided us with any form of costings. We are open about that. I am sure that if the costings had been onerous, the industry would have been quick to tell us.

Finally, I fully understand the importance of the issue. We have tried very hard to use the weapons available to us.

Huw Irranca-Davies: Will the Minister give way?

Mr Paice: I am sorry, but I must finish. The fact that I have been able to list not just retailers, but all the major bakery brands, such as the producers of Mr Kipling and all sorts of biscuits, and the major caterers, such as Compass Group, BaxterStorey, Sodexo, and a number of, if not all, the major importers of egg products, demonstrates that we have gone a long way to throttling the marketplace in this country for eggs from non-compliant cages. My final point for anybody who tells me that it is too difficult and that the eggs cannot be traced is that the importers of processed eggs have their own traceability systems, because that is what they are trying to do and, they have assured us, what they will do. However, when we are faced with an egg that has no indication of where it came from, we cannot trace it, which is the harsh fact. I hope that the House will accept that the Government are doing all that we can to protect our producers.

West Midlands and Coventry

12.30 pm

Mr Jim Cunningham (Coventry South) (Lab): It is a pleasure to be involved, for the first time, in a debate that you are chairing, Ms Osborne. I also take the opportunity to thank Mr Speaker for granting us the debate.

I will start with an overview of the employment situation in Coventry. Coventry suffers from high unemployment, with just less than 10,500 claimants; that is above the west midlands average, which, in turn, is well above the UK average. The public sector accounts for 23% of the total employed, which is more or less the same throughout the west midlands. In the past six months, there have been 1,648 redundancies in the public sector. Coventry was home to a number of national public bodies and has been hit harder by public sector job cuts: 155 jobs have gone at Becta, 153 at the Qualifications and Curriculum Development Agency, with 400 more by the end of the year; and 258 at the Skills Funding Agency. Additionally, at least 620 jobs have been cut by local authorities and other public services; the main casualty so far has been Coventry city council. In the private sector in the past six months, according to Jobcentre Plus, there have been 1,237 redundancies, with 204 in the manufacturing sector and 38 in a small catering company.

Coventry is a city where many jobs can be lost and won in the space of a day. The Minister of State, Department for Business, Innovation and Skills, the hon. Member for Hertford and Stortford (Mr Prisk), will no doubt be aware of the Gateway development, which was designed to create 10,000 jobs and had secured £250 million in private sector investment to develop airport infrastructure, a technology hub and a business and distribution park. However, both bids by the local enterprise partnership, for enterprise zone status and to the regional growth fund, were unsuccessful. I understand that, despite the plans to go ahead, the project could now be in jeopardy, given the Chancellor's recent announcement of £110 million for highways infrastructure improvements. The money from the Treasury would need to be fully integrated with the Gateway scheme, which has allocated funds to a solution for the Tollbar issue—most of the Coventry and Warwickshire MPs know what I am referring to—or else the project could be scrapped. Can the Minister update us about what he understands to be the progress in that matter?

On the problems facing small businesses in particular, I have already mentioned a small business in Coventry that was forced to lay off 38 people, and there are 9,240 small businesses in Coventry, with 44,090 in Coventry and Warwickshire county. That example is symptomatic of the problems facing small businesses throughout the west midlands; 31% of them miss out on growth opportunities because they cannot get credit from the high street banks and 70% experience late payment and have cash-flow problems. Furthermore, the Government must take steps to simplify the tax system and to introduce targeted VAT cuts for key sectors, as a temporary measure. There are also problems at big companies, and we have held various meetings with the Rolls-Royce combined shop steward representatives. In particular, we have some concern about Ansty, despite the company's assurances.

On young people's prospects, I have heard a lot from young people in my constituency about their employment anxieties. To take one example, highly skilled medics are graduating from the universities in the Coventry area and are unable to find work. I am concerned that we are not retaining the skills in the area that are necessary to regain a balanced economy. The Minister might be aware of Coventry's recently launched plan for 100 apprentices in 100 days, and it is hoped that 100 firms will join the scheme. Can the Minister tell us whether the Government will bring forward proposals to encourage firms to take on apprentices, with a view to giving them a full-time job?

Not all is doom and gloom in the region, however. The manufacturing sector has a vital role in the recovery of the west midlands economy. The biggest recruiter has been Jaguar Land Rover, which has two bases in Coventry and is powering ahead with a multi-million pound investment; it has taken on 525 new staff throughout its businesses. The other big recruiter has been Ricoh Arena, with 86 posts, mainly in catering. The most symbolic deal for the city has been the news that car production is set to return—we hope—to the site of the former car plant at Browns Lane.

Mr Geoffrey Robinson (Coventry North West) (Lab): I have listened with great interest to my hon. Friend's comprehensive review of the situation in Coventry. I am pleased that he is emphasising some positive aspects; but, sadly, the return of any sort of car production to Browns Lane crashed when the Government turned down a bid from a local company under the regional development fund, with which we have so far had no success for Coventry city.

Mr Cunningham: I was aware of that, but there are still indications that something might happen, although the possibility is pretty remote given what my hon. Friend has said.

Mark Pawsey (Rugby) (Con): I compliment the hon. Gentleman on securing an important debate on a serious matter, but I was interested in his remarks that not all is doom and gloom. My constituency, which is immediately adjacent to his, has over the past 12 months had a fall in unemployment of 13.2%, which we attribute to a progressive council going out to seek new businesses, bringing them in and having a constructive attitude to development. Does he think that there is some good news and that there is a way forward?

Mr Cunningham: I do not know about good news. As the hon. Gentleman knows, the economy goes up and down in patches, so we cannot ever predict what the future will hold. We like to think that things will improve, but we will have to see—I do not want to diversify too much and get on to Europe, but after what happened on Friday, I will be very careful what I say about the future, frankly.

Returning to the Coventry situation, the city has embraced new technologies and is leading the way for the whole of the UK. A Coventry coach company has won £3 million of new contracts and taken on 40 new staff. It will produce the UK's first electric bus—we hope so this time, although we have been down that road before. Only last week, I visited the Institute of

[Mr Jim Cunningham]

Digital Healthcare, which was established in 2010 and is a five-year, £4 million project, which will have a real benefit for patients and their care support networks. I advise any of my colleagues that, if they get the opportunity to go up to the university of Warwick, the IDH is well worth visiting. It will address a number of health care issues, including the use of monitoring and communication devices to support people in their own homes, the development of new platforms to measure, analyse and communicate health data to support health care and to promote well-being, meeting the information and training needs of clinicians and health care technologists and improving the targeting of activities by health and social care teams.

Mr Bob Ainsworth (Coventry North East) (Lab): My hon. Friend is absolutely right to emphasise some of the positives, but there are some huge negatives, as he is aware. I do not know whether he read the report only the other day in the *Coventry Telegraph* about the massive increase, because of the rise in unemployment, in the cost to the Government of benefit pay-outs in the city, which is not out of line with what is happening elsewhere and is by no means the worst. That in itself is an indication that the Government will not get the deficit right, despite people being thrown out of work because of the austerity programme.

Mr Cunningham: I saw that article in the *Coventry Telegraph*, and I am also aware that my right hon. Friend's constituency is probably the top of the list; my hon. Friend the Member for Coventry North West (Mr Robinson) is second and I am at the bottom somewhere. What I am saying is that, despite the Government's measures, there are things happening in Coventry. That is the message that I am trying to get across.

Some hon. Members will remember the major improvements planned for the Coventry to Nuneaton rail corridor, which is known as the Nuckle project. It will help to improve accessibility and encourage increased use of the train for journeys that might otherwise be undertaken by car. When Warwickshire county council has received outline funding approval, it will aim for final approval by the end of the year or the start of 2012.

On Friargate, a recent meeting with the local enterprise partnership revealed that the project is making reasonable progress. It is an office-based project with residential, retail, car parking and delivery facilities, and an acclaimed arrival point for rail passengers. It, too, is expected to start in 2012 and has the firm backing of Coventry city council.

We have seen Coventry and the west midlands benefit from private sector investment. However, I am deeply concerned about the prospects for young people throughout the region and, more generally, about the loss of skills in various sectors. We have already seen a fall in university applications of more 19,200 in the west midlands region. We have also seen a fall in the number of skilled graduates in medicine and nursing who can find work in their qualified field because of public sector cuts, and that is against a backdrop of high youth unemployment.

Lorely Burt (Solihull) (LD): I am sure that there is deep concern on both sides of the House about youth unemployment. Does the hon. Gentleman accept that the coalition Government are seeking to extend opportunities for young people in particular through enhanced apprenticeships and the Work programme to ensure that we do not lose a generation of young people? All employers are being galvanised to take youngsters on and to give them experience, so that when the upturn comes, they will be able to utilise the skills that they have developed.

Mr Cunningham: There is weakness in what the hon. Lady says. We have been here lately, and frankly we have seen this before. If we really want to give young people work experience, we must pay employers to take them on for six or nine months. Two or three months are not really helpful, because they do not then get another job. If I had my way, I would make it 12 months, but that is another argument.

Mr Andrew Smith (Oxford East) (Lab): I congratulate my hon. Friend, who is making a passionate case for Coventry and on issues that affect us all more generally. Is not part of the answer to the hon. Lady's question that many employers would like to take on more apprentices and provide more skills training, but they need demand in the economy and demand for their products to do so? The Government's failure to achieve that demand in the economy is leaving it flatlining. We need the plan for growth that the Labour party has suggested.

Mr Cunningham: I do not disagree with my right hon. Friend, but I would add that the Government, despite their protestations, must consider small businesses and help with their financial situation and their liquidity problems, perhaps with loans from the banks. If my earlier suggestion about six to nine months' payment was adopted, they might be able to take on young people. The Government will never crack the problem unless they provide that.

To wind up, I want to ask the Minister some questions. Will he tell us what evidence-based assessment he has made of the Government's industrial policy? What confidence can he give to global manufacturers with long-term investment horizons? What confidence can he give to companies to take on apprentices? How will the Government support small and medium-sized businesses to retain skills in the region?

12.43 pm

Mr Geoffrey Robinson (Coventry North West) (Lab): I thank Mr Speaker for granting this debate, and I congratulate my hon. Friend the Member for Coventry South (Mr Cunningham) on securing it. For us in Coventry, it is an important and timely debate, and we look to the Minister to give what answers he can today and some sense of a future for Coventry and similar cities in the west midlands and beyond. At the moment, with the dramatic situation in Europe, the likelihood of a further recession there and the possibility of a double dip in this country, the outlook for employment and prosperity in the west midlands particularly is grim indeed.

I want to follow my hon. Friend in saying that we are pleased to see guests and supporters from Birmingham and Oxford with us for this debate. Its national significance and relevance should not be overlooked. I shall speak first about unemployment. Coventry always seems to

suffer a double whammy. The first public sector cuts were pushed through by the Secretary of State for Education, who went for Becta—the Bringing Educational Creativity to All agency—the Qualifications and Curriculum Development Agency and the Skills Funding Agency.

Those good-quality jobs had been located to Coventry from London because it is central and as part of a clear-cut Government policy to promote growth and quality jobs in the region; but they were cut just like that, in a disgraceful and wanton act without notification, without warning and without consultation. The Secretary of State issued a rude letter closing them down without more ado. He then mended his ways to some extent. We had a debate about the matter in this Chamber, and told him that that was no way to behave and that we hoped he would reconsider. I note that the number of job losses is somewhat lower than was announced, but the total number is 1,237 in the private sector, plus 620 in local authorities and public services. That has created a grim situation in Coventry city, and we can do nothing about it until the Government stop the national cuts, to which my right hon. Friend the Member for Oxford East (Mr Smith) referred.

There is no salvation for Coventry in isolation, although we shall make some suggestions to the Minister today about what he could, and should, do to help. But in the background is the single objective that the Government have set for their economic policy—the reduction of the deficit, come what may. Whatever cuts and deflation are necessary, that is what the Government intend to achieve. We have pointed out many times, and my hon. Friend the Member for Coventry South said again today, that they cannot achieve that objective with policies that are destroying so much of the economy. It is as simple as that, and until they change their policies, the outlook for Coventry and Britain is grim indeed.

Where do we stand on some of the Government's initiatives that were intended to improve the situation? Some were referred to by my hon. Friend. First, we have had no luck in Coventry with the regional growth fund, and the Minister knows the situation with CPP, which was turned down. I do not want to reopen the matter at this stage, but we hope that it will return. It might have restarted car production at Browns Lane, but I do not think that it will, nor do I think that we will have much luck there. We tried for enterprise zone status, but failed for some reason, and I would like the Government to reconsider that and to explain the criteria that Coventry failed to fulfil.

Similarly, Coventry is suffering badly with youth unemployment, and that is the most serious aspect of unemployment. Some unemployed kids are the third and fourth generation of families that have never been in work and will never get into work because they do not know what it is about. That is why the Government were so wrong, when they came to office, to cut Labour's scheme that was running successfully. They have now scored the unique achievement of promoting 1 million young people out of work. That came as a shock to everyone in the country, not least the Government. They are now trying belatedly to do something about it, but unless they change their economic stance and the sheer deflationary course on which they have embarked, that will simply not happen.

I turn to something else that the Government could do that would be useful to the nation as a whole and to Coventry: credit easing. Where do they stand on that? Various schemes have been suggested, and we are supposed to hear the details of the present scheme in January. Can the Minister tell us when the credit will flow from that and when it will be available in Coventry? As my hon. Friend said, many small companies that are okay at the moment could do so much better with credit easing in place; they could obtain the credit they need for working and investment capital to improve their output and their sales. It is as simple as that, but until we know the details, we have nothing to go on.

The situation with the Nuckle project, which involves transport, is similar. The paraphernalia and bureaucracy surrounding various Government investment projects were supposed to be cut back. It is a good scheme for linking the north-south train run through Coventry. It is a very good project. We have been dealing with it for about five years or more, partly because of Government bureaucracy, but this Government are even worse. I hear now—I think that my hon. Friend referred to it—that they have promised a decision this month, before Christmas. Can we at least have some indication? What assurance can the Minister give us that the decision will not only be taken, but be positive? That would be the most important thing that we could hear from him today. I hope that he will take that on board. If he cannot answer this morning, will he answer as soon as possible?

We are looking for Government action. The people of Coventry are finding it more and more difficult to respond to the situation. There is no future in cuts, in recession and in an economy that is depressed and looks like remaining so. We shall have growing youth unemployment and growing national unemployment, and we will never create the new businesses, jobs and growth that we need to put the deficit right. Coventry is a microcosm of that problem. It certainly highlights all the problem's worst aspects in an area that has suffered so much in every recession and throughout the period since this Government took office.

12.51 pm

The Minister of State, Department for Business, Innovation and Skills (Mr Mark Prisk): I am pleased to have the chance to discuss economic opportunities in the west midlands, particularly in Coventry. I commend the hon. Member for Coventry South (Mr Cunningham) for securing the debate. He highlighted several practical issues around job losses and questions for small businesses. I will address all of them, including the specific transport schemes that have been mentioned.

It is worth taking a step back and remembering that the west midlands is a key part of our national economy. If we look at the most recent complete gross value added figures, it accounted for just over 7% of the UK's GVA in 2008. It is important that the area is successful and prosperous. Clearly, there have been problems. I understand that it is a difficult time for individuals caught in unemployment or facing redundancy. However, there has been positive news. I welcome the balanced view that the hon. Gentleman presented of the challenges and also the good news. The Opposition will understandably challenge what the Government are doing, but we have to be careful that we do not start to talk down Coventry or other areas and that we strike a sensible balance. We

[Mr Mark Prisk]

must recognise the problems, but we must also look at where the opportunities are, because I think they are strong.

We have seen, for example, the £355 million investment by Jaguar Land Rover at i54. It is not immediately within the Coventry area, but it is crucial for the whole JLR programme. We have seen the £31 million that JCB is putting forward for its next generation of engines, which will form a crucial part of the skills base in the west midlands. We have also seen investment in BMW at Hams Hall, just outside Coventry. This is welcome news because not only is it good for businesses, it is a tribute to local workers. I want to put that point on the record. The hon. Gentleman and I have met the trade unions with regard to Rolls-Royce at Ansty. I hope that conversations between unions and management will persist to ensure that is somewhere that can remain competitive.

Lorely Burt: For many of us in the coalition, it seems that there is tremendous potential for the west midlands, because of the tremendous skills base. The Minister mentioned Ansty; he did not mention the fact that in my constituency of Solihull, Land Rover is creating 1,000 jobs in addition to the ones that he has already mentioned. There is so much potential for jobs and for the development of research and technology in our west midlands area, particularly close to Coventry.

Mr Prisk: I am grateful for the hon. Lady's contribution. I will come to the broader Jaguar Land Rover issue, because it is crucial for the whole network of engineering and manufacturing in the region. We must be careful to remember where the roots of the problem lie. In 1975, GVA was ahead in the west midlands—above the national average. In the first decade of this century, from 2000 to 2008, the increase in GVA per head in the region was the lowest of any part of the country. In Coventry, the decline is clear. In 2000, we saw GVA per head 10 points above the national average; by the time we get to 2008, it is eight points below, so there are significant challenges. Indeed, the west midlands was the only part of the country where the number of private sector jobs fell between 1998 and 2008, so there are real underlying issues.

We are committed to rebalancing the economy; that includes sectors and geography. I turn to the specific areas of activity that I think are relevant. First, local enterprise partnerships are crucial. In the few months that they have been in existence, the Coventry and Warwickshire LEP has established a business mentor network; it is working with the banks to unlock credit at local level in addition to what we are doing at national level, and it has also identified key development and infrastructure opportunities. If I may, I will come to the question of Tollbar End and the development of that site in a moment. I know it is very important.

We have put £248,000 into the Coventry and Warwickshire LEP to get it up and running. That is not designed to provide a vast administration. I am not sure that we want a vast administration. We want outcomes. That is why the LEP is getting its funding strategy in place; it is why it is putting in place its evergreen fund and it is why we are making sure that there is a portal in place so that it is actually able to engage with small businesses.

Mr Ainsworth: Will the Minister give way?

Mr Prisk: If the right hon. Gentleman does not mind, I will not give way, because I want to try to answer some of the points raised. There are important issues that will advantage his constituency in Coventry as well.

I entirely agree that apprenticeships are crucial. The LEP is addressing that issue with its local project, on top of the work that we are doing to help small and medium-sized enterprises. I can direct the hon. Member for Coventry South to the new programme recently announced to make it easier and simpler for SMEs to take on apprenticeships. We are providing funding to the tune of up to £1,500 per apprentice. I agree that there is an issue around making sure that SMEs are able to do this. Accessibility will make it easier for Coventry's SMEs.

There are 24 enterprise zones. I am aware that the Coventry and Warwickshire LEP will have been disappointed that its own bid did not make it. However, just beyond the area, the MIRA technology park will be of some importance to local businesses. On transport and the Tollbar End commitment, the Government have brought forward their intention to ensure that £110 million is available to sort out the congestion. We recognise that there are still live issues about whether the development next door could be hindered by it. I have made that clear to officials and they are engaged in discussions with the LEP to see whether we can keep the £110 million to get the investment, but not lose or unduly delay the development programme.

Mr Ainsworth: Members representing the whole of the LEP—from both parties—met earlier this week and will be seeking a meeting with the Minister to try to make absolutely certain that his Department is focused on that problem, because it is enormously important. Can the Minister give us a commitment to meet a delegation from the whole Coventry and Warwickshire area on that issue?

Mr Prisk: I understand the issue. Given that the Department for Transport is in the process of finalising its decision, I should not pre-empt it. If it becomes necessary for Ministers to have a meeting, I am sure that I or my colleagues will be willing to do that.

The hon. Member for Coventry North West (Mr Robinson) said that Coventry had not had any successes with the regional growth fund. Perhaps I can bring him up to speed. In fact, £3.6 million from the second round of the regional growth fund has brought two relevant projects to the area. There is the Aston Martin body construction facility with £1.6 million of public investment, unlocking between £5 and £6 for every public pound put in. There is also, perhaps more importantly, the LNX distribution programme with £2 million of investment from the Government, which should bring some 340 manufacturing jobs directly to Coventry. I understand the specific issue that the hon. Gentleman raised and that he may have been disappointed by the bid, but there has been some success, particularly in Coventry, and I hope that he welcomes that.

I welcome the points that have been raised; we need sensible dialogue about them. Parties may disagree on the bigger economic issues, but we are committed to ensuring that businesses and workers in Coventry and the wider west midlands are able to unlock their potential. We need to support them through skills and investment, to make sure that they can fulfil their potential and overcome their historical problems.

Children's Access to Parents

1 pm

Charlie Elphicke (Dover) (Con): I am delighted to have secured this important debate. Week in, week out, our constituency surgeries are all too often full of parents who are struggling to see, have contact with or have access to their children. Evidence suggests that around 3 million children in the United Kingdom live apart from a parent, and 1 million of them have no contact with the non-resident parent three years after separation.

In recent years, the number of court applications, and the number of backlogged cases in the system, have increased. In 2005, there were 110,330 court applications, compared with 122,330 in 2010. The CAFCASS—Children and Family Court Advisory and Support Service—case load has also been growing: in 2007-08 there were 39,432 cases, but in 2010-11 there were 43,759. A massive delay in family court cases is not in the best interests of children or parents.

Although the numbers of court applications and cases in the CAFCASS backlog look slightly better than last year, they are still far too high and I suggest that mediation would be a faster and better way forward. Mediation is cheaper at £752 per case compared with £1,682 for full court proceedings, and on average it takes 110 days, while court cases take 435 days. Some 95% of mediations are complete within nine months, while only 70% of court cases are over within 18 months.

In such circumstances, time is of the essence to provide stability for the child and their parents, and to ensure the protection of the child's welfare and that there is closure and a settlement regarding how they will be looked after, with arrangements for parental contact and access. It is important that such situations are dealt with quickly, and from paragraph 115 onwards the Norgrove report promotes mediation, which is to be welcomed. My only caveat, however, is that the report goes on to state that if people do not like the results of mediation, they should still be able to apply to the courts. I do not agree; one needs closure as soon as possible, and parents who are busy arguing with one another should not be allowed further bites of the cherry.

A key issue is the right of children to see their parents following a separation. It is not an issue of dads' rights, or fathers' rights, or about those of the mother; it is about the fundamental and basic rights of the child. I believe that child welfare is best served by ensuring that children know and have a relationship with both parents after separation. Too often, parents sink their children's rights in a sea of acrimony when they split up, which must be fundamentally wrong.

Andrew Percy (Brigg and Goole) (Con): I congratulate my hon. Friend on securing this debate. He is right to say that such cases should be about the rights of the child, but does he agree that those rights also extend to a child's right to see their grandparents?

Charlie Elphicke: The right of grandparents to see their grandchildren is important, although not, I hasten to add, in the teeth of the unity of both parents if the grandparents are, shall we say, of the more interfering busybody variety who destabilise families. In general

[Charlie Elphicke]

terms, however, a relationship between a child and their grandparents is positive and should be encouraged. It is not good if one parent who has custody of the child tries to frustrates that relationship, just as they should not try to frustrate the non-resident parent. My hon. Friend is a passionate advocate of grandparents' rights, and once again he makes a powerful and forceful point. If there is acrimony between families, it is flatly wrong for parents to inflict their mutual loathing, which too often exists in a relationship breakdown, on the child.

In its conclusions in paragraph 109, the Norgrove report states:

"The child's welfare should be the court's paramount consideration, as required by the Children Act 1989. No change should be made that might compromise this principle. Accordingly, no legislation should be introduced that creates or risks creating the perception that there is a parental right to substantially shared or equal time for both parents. For that reason and taking account of further evidence we also do not recommend a change canvassed in our interim report that legislation might state the importance to the child of a meaningful relationship with both parents after their separation where this is safe. While true, and indeed a principle that guides court decisions, we have concluded that this would do more harm than good."

The most important words are,

"no legislation should be introduced that creates or risks creating the perception that there is a parental right to substantially shared or equal time for both parents."

The difficulty with the report is that it confuses the issue of time with that of an emotional bond. An emotional bond—love and affection—is not about the amount of time spent with someone. A person could have a best friend from university they have not seen for years. When they next meet, however, the friendship will pick up as if it had been only five minutes and that is because a relationship exists. The person may not have spent much time with their friend over the intervening years, but they know and have a relationship with them. That, in essence, is what we must ensure for our children, because they have the right to know both their parents and to have a relationship, reasonable access and contact with them following a separation.

The Norgrove report has confused those two issues. A relationship is not about time but about that bond, that sharing between parent and child, and the love and affection that goes with it. A clear social message needs to be sent out, which is why I have tabled the Children (Access to Parents) Bill, and why I secured this debate. A relationship is not about the amount of time spent together but about the bond created, and that lies at the heart of my case.

We need action because 1 million children do not see both their parents. Society has changed and is still changing, and social change means that over the past few decades, both parents have become more actively engaged than was previously the case. One study showed that parental involvement by fathers rose 200% between 1974 and 2000, and the change in work patterns seen over recent decades suggests that there is more joint parenting. According to research that I requested from the House of Commons Library, the number of men in part-time work has risen from about 500,000 in 1985 to 2 million today, while the number of partnered mothers in work rose from 52% in 1986 to 71% in 2010. That suggests that parents are sharing work and bringing up their children, and all of us, particularly the younger Members of the House, know that the work-life balance includes more juggling and sharing of parenting and parental responsibility.

Mr Dominic Raab (Esher and Walton) (Con): I congratulate my hon. Friend on securing this extremely important debate. He has mentioned some of the latest data but is he aware of recent research by the insurance company Aviva showing that the number of stay-at-home dads has doubled in a year? That is part of the trend that he mentions.

Together with taking on more of the burden and responsibilities of parenting should come more of the rights. I agree with points raised earlier about the rights of the child, but there is also an issue of securing paternal access. I have heard cases in my constituency surgery where although an access order has been passed by the court, it is flouted, sometimes dozens of times, by the other partner. Does my hon. Friend agree that we must take a firmer, clearer look at enforcement action against recalcitrant partners?

Charlie Elphicke: I thank my hon. Friend for that powerful intervention. I will come later to the key issue of orders being flouted.

Parents share work and the bringing up of children, and that should not end at separation. It should not be a case of falling off a cliff; it should not suddenly be the case that children never see one of their parents any more. That is a mad way to proceed and it is destabilising for the child. The welfare of the child is best served by ensuring a continuing relationship with both parents.

The same is true in respect of educational attainment. In December 2010, the Fatherhood Institute published a report showing that better school results, better behaviour, lower criminality and less drug abuse are associated with children having the type of relationship with both parents that I have described. That is why it matters that the child has the right to know both parents and have a relationship with them through reasonable access and contact. It is essential to the rights of the child, the welfare of the child and the success of the child.

My hon. Friend made a powerful and telling point: too often, court orders are flouted. One sees this from the Norgrove report and the sixth report of Session 2010-12 of the Select Committee on Justice. People say, "Oh, there's no need to change anything. We can see from the court figures that it all looks perfectly fine. In only a couple of hundred cases is contact denied." However, the reality is that even if orders are made, they are just ignored. Even if people go down the route of a court process, they may be forced into abandoning it simply because of how long it all takes.

That is why a change in the law should send a social message as much as a legal message. I urge the Minister to reject the aspect of the Norgrove report that I have described and to support a change in the law. We need that change to send a clear message to the courts, but also to all parents who, as my hon. Friend the Member for Esher and Walton (Mr Raab) said, deny their children the right to see and know both their parents through reasonable access and contact. That right should be enshrined in law. I hope that if I end my contribution now, it will allow a little time for my hon. Friends the Members for Harlow (Robert Halfon) and for Brigg and Goole (Andrew Percy) to speak.

1.12 pm

Robert Halfon (Harlow) (Con): It is a pleasure to speak under your chairmanship, Ms Osborne. I congratulate my hon. Friend the Member for Dover (Charlie Elphicke), who has expressed the feelings of millions of people throughout the country in what he has said. As ever, his speech contained an enormous amount of research and interesting facts.

I will speak for only a minute or so, because other hon. Members want to speak. I want to talk about just two things. First, there is a father in my constituency of Harlow, Mr Colin Riches, whose children have been denied access to him. It is a tragic case, which shows why the law must change. Secondly—this relates to what my hon. Friend the Member for Brigg and Goole (Andrew Percy) has said—I am campaigning on behalf of the Grandparents' Association, whose headquarters is in my constituency. We are asking for children to have the legal right to letterbox access to their grandparents. Put simply, that is the right to send and receive cards at birthdays and Christmas.

I have worked with Mr Colin Riches to table an e-petition—No. 23102—and I have raised his case many times in Parliament with my right hon. Friend the Leader of the House and others. The crux of his e-petition is this:

> "Shared parenting should become the natural position in the UK. It's in the best interest of the child. The law should be there to protect children's relationships with both parents. It needs to show children that both their parents are treated with equality. So that children who have been cared for by both parents and grandparents do not suffer the pain of a living bereavement."

I welcome the fact that the Government are looking into this matter, most recently through the family justice review, as mentioned by my hon. Friend the Member for Dover. That review was a ratchet in the right direction, because it accepted this point:

> "More should be done to allow children to have a voice in proceedings."

However, although I welcome some of the review's contents, it does not go nearly far enough to help families such as that of Colin Riches.

I have had a very positive letter from the Minister—by chance, it arrived today—regarding my constituent, Mr Riches. In that letter, the Minister mentions that the review stops short of recommending a change in the law, because of the risk that a change could both encourage litigation and compromise the key principle of the Children Act 1989. As has been said, however, the law is clearly balanced too far in one direction—it is weighted against fathers and grandparents—and we need a change in the law to redress the balance.

I am nevertheless grateful to the Minister for his sympathetic response to my letter. He says that the Government will

> "explore possible options for strengthening the expectation that both of a child's parents should continue to be involved with the child's care, post-separation".

Will the Minister meet me and Mr Riches to discuss these issues more fully?

Secondly, I want briefly to ask the Minister about the work of the Grandparents' Association. Last Thursday, I joined my hon. Friend the Member for Brigg and Goole at No. 10 Downing street to hand in a petition with more than 7,000 names calling for children to have the right to letterbox access to their grandparents—the right to send and receive cards on special occasions. That is a very small but symbolic thing, especially in the run-up to Christmas. Sadly, throughout Britain today, thousands of children are denied any access to their grandparents, even on birthdays and during the holiday season, which is often caused by family conflict.

Again, to be fair, the Government are considering the issue. I had a very positive response from the Leader of the House last week, when I raised the matter at business questions, but if the Minister could give a clear commitment to examine the issue, it would be hugely welcomed by grandparents in my constituency, the Grandparents' Association and millions of grandparents up and down the land. It would be a tiny gesture, but it could transform the lives of many families. Ultimately, this is about the right of children to know who their family are and to have a chance to communicate with them. In the context of what the Government are doing to support the family, surely that is the right thing to do. Both the issues that I have raised fit with what we said in opposition, so I very much hope that we will be able to do something in the months and years ahead.

Andrew Percy *rose—*

Sandra Osborne (in the Chair): Order. Not all hon. Members have given notice that they want to speak. I am sure that they will want the Minister to have adequate time to respond.

1.17 pm

Andrew Percy (Brigg and Goole) (Con): I apologise for that, Ms Osborne. I will make this an extended intervention. I just want to agree with the words of my hon. Friend the Member for Harlow (Robert Halfon), who delivered the petition to No. 10 Downing street, and to give two quick examples from my constituency. I have two ongoing cases of constituents who have lost access to their grandchildren. In the first case, that was, very sadly, through the death of the daughter. In the second case, it was through a daughter's new relationship with someone who exercised considerable influence over her. Consequently, the children left the country before legal processes could be put in place by the grandparent. I have met my hon. Friend the Minister to discuss this matter before, and I would welcome an opportunity to discuss it with him again. Those of us who are campaigning for grandparents' rights fully accept the rights of parents, but at the end of the day this is about the rights of children, and those rights should extend to including grandparents. I hope that the Minister will meet us—I will end there, having taken less than a minute.

1.18 pm

The Parliamentary Under-Secretary of State for Education (Tim Loughton): I will try to get through as much as possible of my speech in the time left to me, but I start by congratulating my hon. Friend the Member for Dover (Charlie Elphicke) on securing the debate. I agree with virtually everything that he said and with other hon. Members who raised points as well. The whole point of mediation is that it is quicker and cheaper, and we are of course examining that through the various devices being promoted by the Ministry of Justice and with which the Department for Education is involved.

[Tim Loughton]

I agree with the points made about grandparents. Part of establishing greater stability for children who find themselves in a broken family is that grandparents often offer an anchor of continuity when parents split up. I am sympathetic to those points, and we are looking at various ways to make sure that, wherever possible, grandparents remain engaged. Too many of them do not, as I know from my constituency.

This is a highly emotive issue, and one that is important to the well-being of hundreds of thousands of children and young people. As my hon. Friend the Member for Dover mentioned, an estimated 240,000 children experience the separation of their parents every year. Overall, more than one in three children will see their parents split up before their 16th birthday. That is a huge number, and I am afraid it is a reflection on society today.

There is great pressure on the courts at the moment, not least on the public law courts, post Baby P, which is having a knock-on effect. It is therefore absolutely right and urgent that we sort out some of the often acrimonious cases in the private law courts. My hon. Friend is absolutely right when he talks about parents sinking a child's rights in a sea of acrimony. In too many cases, parents use their children as pawns, and the instability and emotional pressure that causes for children cannot be good for them. For all concerned, but particularly for the children, we must make sure that we do a lot better.

Just about everyone agrees that a child's welfare is best served if both their parents are as actively involved in their upbringing as possible, unless there are good reasons for their not being involved, and the child's welfare would be undermined—that must remain the safety net. All the evidence tells us that children genuinely benefit from a relationship with both parents, with the potential for each to make different contributions to their child's development. Yet, as we have heard from my hon. Friend, many children grow up with little or no relationship with one parent—usually, although not exclusively, the father.

This is a topical issue. My hon. Friend mentioned his Bill, which had its First Reading in March. Since then, the family justice review has carried out its consultation, and it produced its final report last month. It is right that we consider the issue of a child's contact with their parents in that wider context.

I would just make two points. The Norgrove report, excellent thought it is, is a Government-commissioned report, not a Government report. The Government will, I hope, produce their response to it in January. I am working with colleagues from other Departments, including the Ministry of Justice, to reflect on many of the issues that have arisen from the Norgrove review, with which we are very familiar.

Some of the review's concerns about having a presumption in favour of shared parenting were based on its visit to Australia. However, I think there were concerns about the Australian experience because, too often, the focus was interpreted as being about equality of time. As we know, we cannot carve up a child's existence on the basis of some spurious 50:50 split in terms of time. As Members of Parliament, we probably know that better than others. We are not good role models as parents. If, heaven forbid, I were to split up from my wife—she has tolerated my being an MP for 14 and a half years—it would be bliss if I was expected to spend 50% of time with my children, because it does not happen now. However, we need to be realistic and not to base things on artificial equalities in terms of time.

There is, however, a much broader issue about the culture of parenting. The culture has shifted away from the traditional view that mothers are primarily responsible for the care of children. Increasingly, society recognises the valuable and distinct role of both parents. My hon. Friend the Member for Esher and Walton (Mr Raab) mentioned the Aviva survey, which pointed to the increasing existence of stay-at-home dads and dads' wish to be much more involved in their child's upbringing.

The Government are doing much to encourage that societal change, promoting fathers as equal parents and encouraging them to be fully involved with their children from the earliest stages of their lives. Co-operative parents, both actively involved with their children, are more likely to continue that pattern after separation, and a co-operative, flexible approach is more likely to lead to contact arrangements that actually work. In that, I include the important role of grandparents.

As we know, however much education and awareness-raising we carry out, many parents separate in a hostile environment that fosters selfish perceptions. I am not seeking to downplay in any way the trauma of relationship breakdown, particularly where children are involved. Rebuilding a new life after separation or divorce can be one of the hardest things any of us will face. It is a sad truth, though, that the outcome, all too often, is that loving parents are frozen out of their children's lives, and those who stand to lose the most are the children themselves.

My hon. Friend the Member for Esher and Walton spoke about the serial flouting of contact orders in too many cases. Too often, the resident parent can use the weapon of delay to freeze out a non-resident parent, such that a large portion of non-resident parents lose contact with their children altogether within two years. Whatever changes we do or do not make to the law, we need better enforcement of what exists now. That is absolutely essential, and I have been holding conversations to that effect with colleagues in the Ministry of Justice and the family courts themselves.

A relatively small proportion of families—about 10%—end up seeking help from family courts to resolve disputes about contact. These are the most complex and difficult cases, often involving multiple problems. The examples mentioned by my hon. Friends the Members for Harlow (Robert Halfon) and for Brigg and Goole (Andrew Percy) reflect some fairly acrimonious marriage breakdowns.

We should not kid ourselves that the remaining 90% of separating parents, who do not seek help from the courts, are happy with the degree of their involvement in their children's lives. Of course, many manage to put their children's needs first and to reach an amicable settlement, but far too many non-resident parents feel they must accept unsatisfactory or unfair contact arrangements, because of the fear of long, drawn-out and expensive court procedures. That is why up to a third of non-resident parents have no meaningful contact with their children. Once that happens, it can be almost impossible in some cases to resume contact, particularly

where young children are concerned. At every stage, we must remember that the most important part of this whole equation is the child. The delay and continued uncertainty caused by an acrimonious dispute going through the courts over a long period can only be damaging to the child.

That is a tragedy, and one the Government intend to address. Our vision is to establish a clear expectation that, under normal circumstances, a child will have a relationship with both his or her parents, regardless of their relationship with each other. We want to achieve that by creating a climate in which separating parents are able to see through their personal differences and to recognise the importance of their both remaining involved in their child's lives. For those who need support to focus on their children's needs, there will be a range of interventions to facilitate the making of practical and lasting agreements.

This will be a society where family courts are a last resort, used to determine only the most difficult cases, particularly those where there are welfare concerns. This court system will be transparent and accessible to those who need it, with no perceptions of bias based on sex or resident or non-resident status. Children will feel that their views count and are listened to, and the minority of parents who take their dispute to court will do so in the knowledge that it is only in exceptional cases that a child will not be able to maintain ongoing contact with both parents. Crucially, parents will adhere to court orders in the knowledge that action to enforce breaches will be swift and decisive—if I am reading quickly, it is because I am determined to get to the end of my speech.

Whether the Government achieve that vision is only partly in our hands. We cannot prevent acrimonious break-ups or change the way individual families choose to organise their lives. However we must do everything we can to improve the system so that it gives children the best chance of growing up under the guidance of two loving parents.

As I have said, the family justice review panel reported last month. It paints a grim picture of the experience of families in a private law system that is too slow, too expensive and too emotionally damaging for children and parents. The panel's view is that shared parenting is best encouraged through education rather than legislation. It proposes a range of measures to encourage out-of-court dispute resolution and to support parents in putting their children's needs first. Such pre-court processes would focus on giving parents effective tools to resolve their problems and change their behaviour. They would include mediation, as my hon. Friend the Member for Dover has said, parenting information programmes and the drawing up of parenting agreements. Most of us would agree that those are sensible. In addition, an online hub would, in the first instance, provide information and advice on a wide range of issues faced by parents. The Government are carefully considering the panel's proposals for reform and will respond to them early in the new year. However the rationale behind these pre-court plans—more support for parents to make child-centred agreements, and fewer parents going to court—fits with the vision I outlined earlier.

I turn now to the nub of my hon. Friend's proposal, which is legislation to promote shared parenting. As we have heard, the family justice review opposed such a move. It is concerned that any such changes to legislation risk creating the perception of a parental right to shared time with their children. It has also taken on board the concern that legislation could be seen as undermining the fundamental principle under which courts operate—the principle in the Children Act 1989 that paramount consideration is given to the welfare of the child. As I have said, I have some concern about that.

This debate has been raging for some time. Five and a half years ago, I myself argued in the House for an amendment to the Children and Adoption Bill that would have inserted a presumption in favour of shared parenting into the 1989 Act. The concerns that gave rise to that have not diminished today. It would be wrong for me to try to pre-empt the Government's decision, but I can say that we are looking closely at all the options for promoting shared parenting through possible legislative and non-legislative means.

The debate is often polarised around two issues. On the one hand, we have the frustration that an obstructive resident parent can stop the non-resident parent seeing their child. On the other, there is, understandably, considerable pressure for robust safeguarding processes to ensure that potential welfare issues are properly identified and that care arrangements are safe. Ultimately, both concerns centre on harmful impacts on children, and any solution we come to must maintain a clear focus on the welfare of the child.

The Children Act 1989 is a landmark piece of legislation, and we approach any debate about amending it with the utmost caution. We are clear that the paramountcy principle, which has universal support, must not be diluted.

Empty Homes (Hyndburn)

1.30 pm

Graham Jones (Hyndburn) (Lab): It is a pleasure to serve under your chairmanship, Ms Osborne—for the first time, I think. It is also an honour to have secured this Adjournment debate on empty homes in Hyndburn, an issue close to my heart and a huge problem in my constituency. The debate is very welcome, after the recent launch of the Government's housing strategy, with much surrounding national publicity.

The causes of empty homes and the issues and problems connected with them are complex and vary around the country. In Hyndburn and other parts of Pennine Lancashire, the biggest factors are over-supply and low demand. Hyndburn has a total housing stock of 36,447, but there are only 34,201 resident households in the borough. Simply put, we have more residential dwellings than households that require homes. Most up-to-date figures indicate that we have 2,546 vacant dwellings—nearly 7% of the total housing stock—of which 1,579 are long-term empties. Vacant housing is therefore almost inevitable, as we do not have a housing shortage.

The causes and solutions go beyond housing. We need support for growth, which will stimulate the local economy. We need to boost the local gross domestic product. Our housing offer needs to support the growth agenda, so we need to provide greater choice and flexibility, as well as affordable homes. Unfortunately, choice is limited in Hyndburn, and more than 50% of our housing stock is terraced, most of it with two bedrooms. There is nothing wrong with terraced housing—I live in a terraced house—but we need to modernise and improve those houses; otherwise we will not retain households or attract new ones. In fact, demand for new housing only exaggerates the problem of the older stock.

Demand and modernisation are the focus in dealing with empty homes in Hyndburn. Nearly half the vacant homes are in neighbourhoods surrounding the centre of Accrington and most are pre-1919 two-bedroom—as we would expect—terraced houses, many of which are in serious disrepair; the climate is of course damp, and private landlord activity is significant, at around 30% of overall tenure. We currently have 1,310 people in need on the housing register, mainly because of inappropriate housing and related poor conditions. The reasons for homes being vacant vary, and in Hyndburn the reasons are certainly different from those described by the hon. Member for Colne Valley (Jason McCartney), when he raised the matter of empty homes in the House on 29 November. Our problem is not overdevelopment, but over-supply and a lack of choice.

High concentrations of long-term vacant dwellings blight our neighbourhoods and the solution that is needed is a long-term, comprehensive approach to regeneration. Although the housing market renewal programme was not perfect, it was as close as we have come to a comprehensive approach. The ending of the programme has left a legacy, and community expectations remain. The recent award of £2.3 million transitional funding allows us to meet our remaining legal obligations, as well as to relocate a number of households that are trapped in potential clearance areas. However, low demand has not gone away and there is a continuing need to regenerate some of Hyndburn's neighbourhoods that were never included in the HMR programme.

I welcome Government support for new house building, but I am seriously concerned that elements of it will not work in areas of low housing demand. Government housing policy remains driven by the south, ignoring the nuances of the housing problems in northern towns. Greater flexibility is required. Regeneration is a long-term, comprehensive process, which is aimed at tackling social, economic, physical and environmental issues in places where the market has simply failed. There is a risk that the remaining resources will go to growth areas, rather than to help more deprived areas, and that that will exacerbate the problem. I understand that value for money is important, but I ask the Government to identify, or top-slice, funding to assist growth in less affluent areas, such as Haslingden and Hyndburn. That would at least give more deprived areas a competitive chance, as well as supporting economic growth.

I understand that the second tranche of the £50 million for low-demand areas must be match funded. That is a significant problem. I must advise the Minister that that is nigh on impossible in Hyndburn, so his policy will disadvantage Hyndburn in comparison with larger local authorities with greater access to resources. As a small district authority, Hyndburn receives only 15% of the council tax that is collected. Lancashire, the shire authority, has no interest in empty homes. Hyndburn has already matched funded the transitional grant from HMR, to the tune of £2.3 million. It no longer receives capital funding, with the end of the Government's support for a housing capital fund.

As I have previously pointed out in the House, the new homes bonus is insignificant in Hyndburn. The amounts have been residual and small, and new house building only exacerbates the problem of over-supply, because it disadvantages areas of low demand. In short, Hyndburn has run out of available resources with which to generate match funding. The local authority's budget is due to diminish from some £17 million to about £11 million in 2014. Unfortunately, the funding will not be anywhere near enough to address the 300,000-plus long-term empty homes across the country.

On 29 November in the House, I expressed my shock that local authorities cannot bid for the empty homes fund, and the Under-Secretary of State for Communities and Local Government, the hon. Member for Hazel Grove (Andrew Stunell), advised me that that was not the case, as reported at column 915 of that day's *Hansard*. I have now had the opportunity to review the guidance for the £100 million fund, and it is clear to me that only registered providers and community and voluntary groups can apply—not local authorities such as Hyndburn, which are not registered social providers. I welcome the support for community and voluntary groups, but otherwise limiting the funding just to registered providers is a missed opportunity in an area with a significant problem. Allocating funds to local authorities would have provided more flexibility and innovation.

In addition, the guidance for the £100 million does not allow bids for vacant dwellings in council ownership. That is another missed opportunity. Hyndburn council owns long-term vacant houses not because it is a landlord, but because it is a former housing market renewal pathfinder. Allowing the former pathfinder local authorities to use the funding in partnership with others, including registered providers, would allow greater flexibly in addressing some of those depressing images that Channel 4

recently highlighted in the former HMR areas, and there would be viable alternatives to demolition, which is what I believe the Government want to encourage. I therefore hope that when the Government draft their guidance for the £50 million for empty homes in low-demand areas, they will bear my comments in mind: more freedom and flexibility, led by local authorities, will achieve more innovation and better value for money. Unless I am mistaken, that is the Government's objective.

I am led to believe that bids for empty homes funding will be made from at least one registered provider in Hyndburn and from the local authority if the second tranche of funding permits. Our priority area is known as Woodnook and has nearly 350 vacant homes, with ownership in both the private and public sectors. I am pleased to inform the Minister that we are working with a private sector partner to bring in £7 million of investment to convert and refurbish 89 long-term vacant homes—many of which have been vacant for two years—without public sector funding. However, I hope that the Department for Communities and Local Government will look favourably on applications from our partners to extend the innovative work that we are doing to more vacant homes in this neighbourhood, as well as elsewhere in the borough.

I have on several occasions in the past raised the issues and problems caused by some landlords in Hyndburn; I find it necessary to do so again in relation to empty properties. Unfortunately, private landlords contribute directly to the problem of empty homes and of low housing demand through poor standards of management and maintenance. When I requested the information, I was told that slightly more than 80% of the empty properties are in the hands of private landlords. Although I acknowledge that legislation exists to introduce selective licensing in areas of low demand, the measures required to introduce a licensing scheme are onerous and potentially costly to the public purse, as Hyndburn found, regrettably, to its cost, having had to fork out £100,000 in a lost case in the High Court during—I must add—the previous Administration.

The Government's new housing strategy quite rightly acknowledges the private rented sector's essential role in the housing market. However, I would welcome a commitment from the Government to hold an independent review, to try to improve standards in the private rented sector and to relax the bureaucracy that currently exists when seeking to establish a selective licensing designation. I understand that the council is considering a new licensing designation, but the potential for a legal challenge and subsequent cost may be a deterrent. If the rules and guidance were simplified and made more transparent, thus making such a designation easier, more local authorities would be encouraged to consider using the power.

I welcome the consultation on an empty homes premium on council tax, payable on homes that have been left empty for more than two years. I fully support the initiative, but I ask that in two-tier authorities—this problem keeps coming back—district councils retain the premium, as that is where the burden to council tax payers currently exists.

Jason McCartney (Colne Valley) (Con): I congratulate the hon. Gentleman on securing this debate, thus building on the progress made in my Adjournment debate, to which he contributed, and keeping empty homes well and truly on the agenda. I also thank the Minister for attending.

I particularly appreciate the way in which the hon. Gentleman has progressed the arguments. He has considered cases in his constituency and identified that the question, which also applies to my constituency, is about overdevelopment on green fields and about bringing rural properties back into use. I welcome the cross-party approach on the issue and praise the Minister for the way in which the Government have reacted.

Graham Jones: There is some consensus that the problem needs tackling. There are variances, particularly between the north and the south—between under-supply of housing in the south and over-supply in the north. There are also complexities regarding low demand. The hon. Gentleman, who has a constituency not far from mine that has some of the problems, is quite right in saying that there is some sort of a cross-party consensus, but there is a difference between certain areas in tackling empty homes.

I end my contribution by expressing a sense of disappointment and frustration that the Government's housing policy is driven from the south and that they seem unwilling or unable to see the disjuncture between their strategy and the realities of places such as Hyndburn—my constituency—and Haslingden.

1.43 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Andrew Stunell): I congratulate the hon. Member for Hyndburn (Graham Jones) on bringing the matter back to the House. As he says, it is crucial, and I personally and the Department take it seriously. It is set out in some considerable detail in the housing strategy document that we published a fortnight ago. There is quite a lot of common cause between the hon. Gentleman's intentions, those of my hon. Friend the Member for Colne Valley (Jason McCartney) and mine.

The first point to acknowledge is that there is not one housing market in England—there are not even 10. In fact, if I look at my own borough of Stockport, I would say that there are 10 different markets, even in Stockport.

Graham Jones *indicated assent.*

Andrew Stunell: The hon. Gentleman acknowledges that. In every square mile, some bits are seen to be more desirable than others and accommodation is more popular. That is not a function of the private market alone; it is also true of social housing, where estates are seen to be desirable, undesirable or less desirable. Therefore, we cannot have a one-policy-fits-all solution, and I think that we have common cause on that. I want to assure him that, as a fellow north-western MP, I am well aware of the market's complexity and the differences even between places that are adjacent to one another.

I agree with the hon. Gentleman's starting contention that the way out of the current problems faced by Hyndburn and other similar communities is to get the economy going again and ensure that we have growth and investment in industry and jobs. I am sure that he is aware of the Chancellor's autumn statement and the

[Andrew Stunell]

huge emphasis that the Government place on securing those outcomes. He will also be aware of the Government's central task, which is to bring our finances and our economy back into balance, so that growth can be based on secure foundations.

I think that we also agree that, when people need homes, the fact that we have empty homes is a scandal. I accept the hon. Gentleman's point that his district has 36,000 homes and only 34,000 households to fill them. That makes his area distinctive, although not unique—certainly not in the north-west.

At the latest count, there were 720,000 empty properties across England, which was down by 17,000 from the past year. Around 279,000 of those are long-term empties, which are properties that have been empty for longer than six months. The number of long-term empties has fallen by a larger number—some 21,000—since 2010. That is the biggest year-on-year decrease since 2004. I am pleased to report those figures to the House.

According to the figures supplied by Hyndburn, it currently has 2,547 empty properties, which is a rise of 101 since 2010. It has 1,160 long-term empty homes, which is a reduction on the previous year—31 homes were brought back into use, for which the borough gets a new homes bonus.

The hon. Gentleman pointed out that empty homes can rapidly fall into disrepair. They can attract antisocial behaviour and certainly do not enhance the general environment of the neighbourhood. We need to make better use of them. That is why our housing strategy sets out a strategy for empty homes.

I have already mentioned the new homes bonus, which has now been running for two years. In the first year, the decrease in the number of long-term empty homes was just over 15,000. That produced a reward for local authorities of almost £19 million.

Graham Jones: The Minister makes a good point, and I am not going to decry it. The issue in Hyndburn is that we cannot build and we do not have households. It is understandable how the new homes bonus was £67,000 last year and £53,000 this year—we are now into the second year of the £67,000. It is difficult, and I hope that the Minister will address the problem of how we match fund when there is no money; we have found the last £2.3 million that we had at the bottom of the barrel.

Andrew Stunell: I hope to develop that point in the remainder of my remarks. The new homes bonus year goes from October to September. In the first 12 months, £19 million was paid out in new homes bonus to local authorities for bringing empty homes back into use. I accept that the figure was modest for Hyndburn borough. It had a net decrease of six empty homes and was paid £12,537 as a result. In the second year, which ended this September, Hyndburn had a net decrease of 31 empty homes and will receive an additional £25,460. In total, because the scheme runs for six years, this year it will receive £37, 997. That is the existing mechanism in place.

The housing strategy added a £100 million fund to bring empty homes back into use as affordable housing. Housing associations and local authorities can apply via the Homes and Communities Agency. The bidding guidance for that was launched by the HCA on 21 November and the deadline for applications is 23 January 2012. The HCA bidding guidance sets out that the ultimate landlord of the property must be a registered provider of social housing. That point was made by the hon. Gentleman, both in his intervention in the debate the other day and again today. It is true that bids must come from a current registered provider or an organisation that intends to apply to become one.

I have some good news for the hon. Gentleman. Local authorities that are not currently registered providers—usually because they were housing authorities but have transferred their stock—can still access the funding. There are two routes by which they can do so, the first of which is by partnering a housing association that is a registered provider, as I set out in a letter that I sent yesterday to the hon. Gentleman, which I hope he has received. The second route is to become a registered provider itself.

Hyndburn borough council is not currently a registered provider. What does it need to do to become one and therefore become eligible to make a bid against the £100 million directly, rather than working through a partner? Under section 114A of the Housing and Regeneration Act 2008, all that it has to do is to notify the Tenant Services Authority by letter that it intends to become a provider of social housing, owing to a change in circumstances. In this case, the change in circumstances would involve gaining access to the empty homes funding allocated via the HCA. It does not need to fill in the application form on the TSA website or go through the full application process. It will simply be added to the register as a registered provider of social housing within a few days of notification of its intention to do so.

I strongly suggest to the hon. Gentleman that he may want to get on the phone straight after the debate to recommend to Hyndburn borough council that it does exactly that. It can then choose either route for accessing the money: either to bid in association with a registered provider, such as the housing association that is managing its housing stock, or to make a separate application to become a registered provider itself. I hope that that gives him the confidence that he needs that this scheme is open and accessible to his local authority.

The hon. Gentleman made a number of other points, including that the housing stock in Hyndburn is not of the right mix or quality. The empty homes strategy will not address that to a serious degree; other elements of the housing strategy will be helpful. We have in place a social and affordable home construction programme: 170,000 social and affordable homes are to be built by 2015. The affordable home model is providing new homes in every housing authority area in England, including Hyndburn. Again, those homes are being delivered through registered providers, and the hon. Gentleman might want to check with the HCA the nature of the bids that have been made and accepted by the HCA for his area.

We are, of course, continuing to fund a substantial decent homes programme to bring social housing stock up to standard. The hon. Gentleman did not specifically set out the case in Hyndburn, but the number of non-decent homes has been halved since the Government came to office 18 months ago. We have a substantial decent

homes investment programme and have made substantial progress already. I apologise, Ms Osborne, I wish to correct that figure. We have reduced the number of non-decent homes by 26% and are on course to halve it by the end of this Parliament. That involves more than £2 billion in investment, which shows not only earnest of intent but good news for Hyndburn.

The hon. Gentleman appealed to my better nature with regard to how the funding for the additional £50 million is to be set out. The fund was announced on 21 November and is designed to tackle some of the worst concentrations of empty homes in areas of low demand. I put it to him that that money is essentially targeted at areas such as Hyndburn. That is, of course, on top of the money that he referred to, to ensure that the worst excesses of the market renewal project are patched up in the areas of greatest need. The bid submitted by Hyndburn and other local authorities in east Lancashire was accepted in full by the Department.

The funding details for the additional £50 million have not yet been finalised. Further details will be announced shortly. There are key differences between the £100 million fund for social and affordable housing and the new £50 million fund. In particular, it will not be appropriate under the additional programme for all the homes to be brought back into use as affordable housing. The schemes are all backed by cash rewards through the new homes bonus. We have also made it clear that the £50 million fund will take into account the need to look at environmental and broader works in association with bringing homes back into use, not simply the refurbishment of the homes themselves.

The hon. Gentleman also drew attention to the plans that we are currently consulting on regarding the introduction of an empty homes premium, to be a strong encouragement to landlords and home owners to bring homes back on to the market or into productive use. That consultation is going on and I take the hon. Gentleman's contribution to this debate as a response to that consultation in favour of the introduction of the empty homes premium. I would be even happier if he wrote formally to the Department to put that clearly on the record.

Graham Jones: I would be delighted to do that, but in the last few seconds, will the Minister address the fact that we have no match funding?

Andrew Stunell: I listened carefully to the hon. Gentleman, but I do not wish to pre-empt anything that may be in the criteria for the £50 million. I will undertake to convey his view and the circumstances in Hyndburn to my right hon. Friend the Minister for Housing and Local Government, who is working on that.

2 pm

Sitting adjourned without Question put (Standing Order No. 10(11)).

Westminster Hall

Wednesday 14 December 2011

[MR PETER BONE *in the Chair*]

Zoos (Regional Economic Development)

Motion made, and Question proposed, That the sitting be now adjourned.—*(Bill Wiggin.)*

9.30 am

Andrew Rosindell (Romford) (Con): Good morning, Mr Bone. As chairman of the all-party parliamentary group on zoos and aquariums, I am delighted to have the opportunity to discuss the economic growth potential of the magnificent zoological institutions and live wildlife sites in all regions throughout the United Kingdom and Ireland. That potential extends to aquariums and wildlife and safari parks, and is evolving rapidly, opening up to all forms of imaginative partnership, a fact that is not always self-evident to Government.

I therefore thank the Minister of State, Department for Business, Innovation and Skills, my hon. Friend the Member for Hertford and Stortford (Mr Prisk), for attending this important debate on the future beneficial role of the widespread community of zoological organisations and the important part that they play in society, especially for our economy and future growth. I will make one specific request to the Department for Business, Innovation and Skills at the culmination of my speech. My fundamental contention is that, especially given the current focus on economic growth and rebalancing our economy, UK zoos, in their relations with Government, have been categorised for too long exclusively within the brackets of tourism, leisure and the environment. I argue that such sites should extend beyond those brackets and into a more holistic economic development arena.

A recent outline economic impact study on the sector carried out for the British and Irish Association of Zoos and Aquariums—the national association that looks after the interests of zoos throughout the British Isles—using the most conservative formula available, showed an annual contribution of £645 million to our tax base and the stimulation of 11,000 lasting jobs. I will deal with the study in more detail shortly, but I strongly suggest that with proper encouragement, aquariums, zoos and similar wildlife sites can become even more dynamic engines to help our economy in many ways. They can boost local employment, drive long-term tourism growth, enhance a positive image of regional culture and leisure that encourages inward investment, champion environmental technology, assist in the internationalisation of our economy and the mindset of our population and promote and protect native wildlife and our overall UK tourism landscape, as well as providing the more exotic biodiversity with which zoos are traditionally associated. They can also act as community hubs and focuses, supporting volunteering, community activities, hobbies and special interest groups of all kinds.

A glance at any region's blueprint for economic growth and environmental responsibility will reveal few desired outputs that cannot be delivered by the sufficiently imaginative development of a zoo. I am especially taken by the unexploited potential of our great zoological institutions to act as shop windows championing cutting-edge research carried out by the UK's leading research universities. I am aware that moves are being made to partner zoos and aquarium sites with specific cutting-edge research programmes at neighbouring universities, and I am struck by the fact that the science and technology areas involved go far beyond the easily anticipated disciplines of zoology and biology.

The National Zoological Society of Wales, for instance, is developing ideas in partnership with the universities of Glyndwr and Bangor. The National Marine Aquarium is linked closely to Plymouth university in terms of marine science and regional economic growth acceleration. Edinburgh zoo, which has been in the news recently due to the arrival of the pandas, already has a successful alliance with Scottish universities, particularly St Andrews in respect of primatology. Twycross zoo in Leicestershire is exploring potential with Nottingham in a variety of areas, including veterinary science and animal health.

I foresee a compelling future in which zoos and similar wildlife sites are assisted in taking the excellence of our universities' research and training and placing it firmly in the public arena, in the path both of those who initially pay for it and those who ultimately benefit from the shared affluence produced. The zoo sector's traditional departmental relationship has been with the Department for Environment, Food and Rural Affairs, and has involved regulation on health and safety and animal welfare, as well as the zoo community's role in conservation. That is a highly valued dialogue, and I am not suggesting that it be downgraded in any way. Equally, the work of the zoo community maps on to that of the Department for Culture, Media and Sport, in terms of tourism and cultural and heritage identities.

Tony Cunningham (Workington) (Lab): Last summer, having spent all year based in London for most of the week, I decided to have a family holiday in London, in order to bring my family to London zoo. Does that not demonstrate the economic importance of organisations such as zoos?

Andrew Rosindell: I thank the hon. Gentleman for that intervention, which emphasises the point that I am making. Zoos are the heart of everything in our country. People love to go to zoos and see the animals. However, it is not just about tourism. These days, it is about a wide range of things. It is important to ensure that the public understand that zoos are about more than just animals; they are about conservation and tourism. This debate focuses particularly on how zoos help to strengthen our economy in certain regions of the country.

To return to the point that I was making, zoos involve more than one Department: the Department for Culture, Media and Sport, in terms of tourism and cultural and heritage identities; the Department for Education, in respect of education and the family dynamic; the Department for Communities and Local Government, in respect of zoos' powerful role in promoting community values and as a hub for volunteering; the Department of Energy and Climate Change, in terms of their championship of environmentally sustainable buildings and the ultimate aim of a zero-carbon society; and the Department for International Development, as massively attended public

[Andrew Rosindell]

sites connecting the UK electorate and taxpayers with the realities of populations in developing countries who live alongside and interact with the animal kingdom.

In championing this debate, it is my firm and overriding ambition that a practical dialogue should ensue between officials in the Department for Business, Innovation and Skills and the British and Irish Association of Zoos and Aquariums, or BIAZA, the zoo sector's official representative body. The public goods presented by safari parks, zoos, aquariums and all wildlife institutions are almost too numerous, but in these difficult times, surely a wealth-creating agenda in the context of environmental responsibility should be our priority.

Nia Griffith (Llanelli) (Lab): Does the hon. Gentleman know what is being done to market our zoos and wildlife parks? I speak particularly of those that are not so high-profile, such as Penclacwydd in my constituency, where the emphasis is on pond dipping. It has the most fantastic array of pond life and a wild bird collection. Such attractions do not, perhaps, have the same appeal as a large safari park. Does he feel that enough is being done to promote and market the whole range of wildlife parks?

Andrew Rosindell: I agree that not enough is being done. That is why I called this debate: to talk not about the welfare of animals, which is normally the topic of debate when zoos are mentioned, but about the promotion of zoos as part of our economic regeneration. I have never had the privilege of visiting the zoo in the hon. Lady's constituency. Maybe I will visit it at a future date. I look forward to doing so.

In addition to strategic partnership with research universities, there is much further evidence that zoos and zoo projects are net generators of prosperity, with the potential to do a lot more. First, let me point briefly outside the zoo world to Cornwall's Eden project. Based on the appeal of the living world and predicated on an environmental ethos, the site attracts large numbers of paying visitors. As a model, it is very close to our great zoological sites. Surely, no one could doubt that the Eden project has made a huge contribution to Cornwall's overall economy and society in an organic place-making sense that embraces and extends far beyond tourism and leisure. Indeed, it is striking that of the millennium capital projects, the Eden project and BIAZA member, The Deep—a submarium—have been some of the greatest successes, demonstrating their self-sustainability and viability. Clearly, large numbers of the UK public are prepared to pay to visit sites where they can imaginatively re-engage with nature and the living world. In doing so, they also guarantee their very financial continuity in a virtuous economic circle.

Secondly, BIAZA's initial economic impact analysis, which scopes the overall sector, reveals a current economic contribution to the UK of £645 million a year. That was calculated at the most modest level possible and is thrown into relief by the figure of $8.4 billion arrived at by the American Association of Zoos and Aquariums. The study's results also unveil the far greater potential for such sites if they are given sufficient encouragement and focus. It also underlines that the 11,000 jobs generated, both directly and indirectly, are permanent or at least long lasting—not vulnerable to international outsourcing, as so many other sectors are today. Jobs in tourism are, after all, by definition rooted to a specific place.

Thirdly, I refer to the confidence of, and major investment from, the recent regional development agencies and the devolved Administrations in specific zoo sites and projects lying in their respective regions. One might mention zoos in Edinburgh, Bristol, Chester, Wales, Twycross and Paignton, the leading aquariums in Hull and Plymouth, and other sites in this context. It shows that in all such quarters, authorities have already accepted the economic development logic of zoo and aquarium sites.

Fourthly, such organisations support, improve and communicate a certain fundamental quality of life, a clear and positive sense of place and a celebration of locality. Their development helps to retain and attract knowledgeable, skilled graduates and high-earning professionals. Employers and inward investment will follow the people. Many leading zoos and wildlife sites are non-profit charities, and almost all are to some degree mission, rather than profit led, adopting a social enterprise ethos and reinvesting all or much of their annual surplus in wildlife conservation, education, science, the community and other public goods. Thus the prosperity generated by zoo activity largely tends to remain of local benefit, rather than be shipped off by multinational interests.

In addition to the traditional identity of such sites, they can also act as cultural organisations. The National Marine Aquarium in Plymouth is a key partner in cultural and social events such as the "blue mile" and a recently initiated international marine festival. The cultural role of wildlife venues also expresses itself in architecture and local community heritage based in native species and the much-loved landscapes of Britain. Capitalising on large numbers of visitors concentrated at a single venue, such sites can function as tourism hubs and dynamic promoters of the overall landscape, wildlife and heritage of the UK that extends to both domestic and foreign visitors. They are socially embracing institutions that in all sorts of ways provide a positive impact on a large audience.

Finally, such sites are financially stable organisations. They are not holding out a begging bowl for revenue, but offering attractive platforms for partnership and investment. Indeed, the zoo industry has seen strong, long-term growth for more than 20 years. The fundamental zoo proposition has withstood the challenge of changing fashion and competitive technology for 150 years. It is embedded in our British way of life; it is part of our British tradition and it is here to stay. Nobody claims that this relatively small sector of UK enterprise can perform at the massive economic level of, let us say, aerospace, biotech, manufacturing or other industrial powerhouses of the economy. Such an assertion is not plausible.

Mr Gregory Campbell (East Londonderry) (DUP): I congratulate the hon. Gentleman on securing the debate. Before he elaborates on the niche that zoos and aquariums fit into, does he agree that the sector offers our children and young people—primary or post-primary—an opportunity to expand their horizons that the other sectors he outlined cannot offer in terms of scale and access throughout the year?

Andrew Rosindell: I agree entirely. Zoos provide a wonderful opportunity for young people to learn about wildlife and the animal kingdom, conservation and the environment. They are accessible and good value, given what a family gets from the cost of visiting a zoo or a site.

Tony Cunningham: We have spent a lot of time on zoos, but does the hon. Gentleman agree that people have exactly the same experience in aquariums? An aquarium in Maryport in my constituency specialises in fish from the Solway firth and is a huge educational attraction.

Andrew Rosindell: The hon. Gentleman makes a valid point. I have mentioned aquariums; BIAZA, of course, covers both zoos and aquariums. It promotes all wildlife sites, whether safari parks, zoos or aquariums, or any other institution that promotes the conservation of animals and education about the animal kingdom.

Niche activity can, in its own framework and at its own level, be encouraged to raise radically its economic and fiscal contribution to the UK. Surely, there is a subtler point: the zoo site may not be the largest employer or the chief economic driver within a given constituency or region, but it is often one of the most visible and certainly the best loved. The celebration and the development of a city's aquarium, such as in Plymouth or Hull, or of a safari park—Knowsley for Merseyside, Woburn for Bedfordshire or Blair Drummond for Stirling and central Scotland—is subtly, but profoundly, linked to a generally enhanced sense of confidence, enterprise and aspiration, national and international attention, and resurgence for the surrounding socio-economic fabric as a whole. To quote a particular example, only two years ago, the citizens of Hampshire voted Marwell Wildlife

"that thing of which we are most proud".

It was the foremost aspect of living in Hampshire that residents chose to celebrate.

In closing, I look to colleagues on both sides of the House to offer their perspectives and perhaps to refer to individual zoos or wildlife institutions in their constituencies. I request that the Minister and his officials now enter into dialogue with representatives of BIAZA to work towards a mutually agreed policy statement on the wealth-creating identity and unused potential of zoos across the UK and to discuss how Government can encourage and nurture their further potential for the greater good of our economy.

Several hon. Members *rose—*

Mr Peter Bone (in the Chair): Order. It might be useful for Members to know that I intend to start the wind-up speeches at 10.40 am. There is a great deal of interest in Mr Rosindell's debate, so could Members keep their comments reasonably short? I call David Tredinnick.

9.49 am

David Tredinnick (Bosworth) (Con): I am most grateful to you, Mr Bone, for allowing me to speak first after my hon. Friend the Member for Romford (Andrew Rosindell). The debate is well supported this morning, perhaps because of his efforts. He has already mentioned twice the famous Twycross zoo in my constituency. I would like to discuss the twin aspects of developing economic activity in respect of zoos: what they are doing at home and, in the case of Twycross, what they are doing abroad.

In my area, we feel strongly about my zoo. I claim Twycross as a zoo of my own because I have represented the area for many years and know the zoo's founders and staff, whom I have tried to support for a long time. Twycross receives 400,000 visitors a year and has nearly 1,000 animals—500 mammals, 220 birds and 135 reptiles. It has the widest range of animals in captivity in the area, but they are not in cages. We also have the best laid out area, which consists of 40 acres where elephants, giraffes, lions and leopards can roam around outside.

If we are to develop economic activity in the zoo industry, we must ensure that there are open spaces and that zoos meet the modern requirements that people expect. They do not want to see all animals in cages. I congratulate Molly Badham, Nathalie Evans and Suzanne Boardman and her team on managing to take things forward, so that we have a new paradigm in zoos. We are talking about economic activity at home and what is happening abroad. If someone wants to have a successful business as a zoo, they need to be very forward thinking. I submit that that is exactly what Twycross has done. I shall cite three or four projects in which it has engaged that have increased visitor numbers and set a very fine example.

The first is the Borneo longhouse project, which is part of four projects where the public are immersed in animal activity. Rather than just looking through the window, the public are part of the experience. That first experience was opened by Liz Hurley in 2005. I was very lucky to be there and she did a fantastic job of drawing publicity to the zoo. The longhouse has not only simulated rain and steam, but simulated thunder and lightening. It is a very exciting place to be, and of course zoos must be exciting if we are to attract younger people and prevent zoos withering on the vine, like our public houses; that is a very sad thing. We must have exciting venues for people to visit. I can assure hon. Members that coming back through the bat cave is exciting because one can see the bats, although some people might not like bats that much.

The second very exciting development at Twycross that I would like to mention is the amazing snow leopard outdoor park, which is a massive outside cage that is about two cricket pitches long. Visitors in the extensive visitors' centre, where people can buy a range of animal souvenirs, can see snow leopards out on the rocks. That has been a fantastic draw for people and the experience has been combined with what I was going to call corporate entertainment, but it is done in a slightly different way. People can book the venue to have lunch, dinner and receptions while watching the snow leopards and the birds in the wetland wader bird enclosure that is next door. That 40 acres is a dynamic, exciting, forward-looking area, where animals can roam and people can enjoy them and go around on a little train if they want to.

The project has brought great success to Twycross. In fairness, I should mention that it has received top British and Irish Association of Zoos and Aquariums awards this year for best educational project, significant advances in husbandry and welfare, best new zoo enclosure and best research project for entamoeba

[David Tredinnick]

histolytica—I will send my notes to *Hansard*. That award was for maintaining animal welfare and dealing with that tricky bug.

There is greater economic activity at home at Twycross, but what is it doing abroad? Twycross takes the lead in conservation abroad. It does conservation in situ at home in terms of trying to protect endangered species, and it currently has 67 species of animal in the European endangered species programmes or European studbooks. That is significant because, in the past, zoos have been under attack by people who do not like animals in cages. As I have said, Twycross is a very open area. There is open access and it is forward looking. Also, if we do not have organisations such as Twycross zoo, we will not have some of those species.

We are all worried about endangered species, and I absolutely applaud what Twycross has done to protect specific endangered species abroad such as the gibbon that lives on the Vietnamese-Chinese border that was discovered by Fauna and Flora International scientists some years ago. Only 150 such gibbons remain in the wild, but Twycross has an outreach programme to support them. It has a gibbon conservation centre and a community-based range of patrols. That is an example of what Tywcross has done abroad.

Twycross is doing something else abroad. In areas where it is helping animals, it is encouraging and assisting local people to develop skills that will prevent deforestation, for example, by explaining the benefits of fuel-efficient stoves to reduce the amount of fuel wood collected from the forest. It is also helping local people to grow feed plantations to reduce the free grazing of livestock, which denudes the landscape and threatens the lives of the animals. In addition to the ecological research to which I have referred, it is also planting new tress to help supply sustainable firewood for the future.

I shall not speak for any longer because I do not want to be selfish and take up time. As I said, I am grateful to you, Mr Bone, for allowing me to speak first after my hon. Friend the Member for Romford. I will sum up by saying this. Some two-thirds of a billion pounds is annually put into our tax base by zoos across the UK and, at the last count, there were 11,000 lasting jobs in the sector, including those created by the 400,000 visitors at Twycross in Leicestershire. Some 28 million people a year—one third of our entire population—had some connection with zoos last year. Surely, that is enough for my hon. Friend the Minister to take this issue very seriously indeed.

9.57 am

Jim Shannon (Strangford) (DUP): I congratulate the hon. Member for Romford (Andrew Rosindell) on bringing the matter to the House. I spoke to him yesterday about it and I am keen to contribute in support. The key issue is the regional economic development aspect that is included in the title of the debate. The zoo sector has created jobs. I should like to focus on two locations in my constituency, because they have experienced economic growth as a result of aquariums and wildfowl centres. The wording of the debate title is clearly the key to the matter, because economic development comes off the back of the jobs that are created. We have an opportunity to get ourselves out of these difficult times. I feel that the sector could be used to the betterment of my constituency.

Others may disagree, but I represent what I consider to be the most beautiful constituency in the United Kingdom, Strangford. I say that for a number of reasons—not only because I live there, but because every morning I wake up and look out over Strangford lough, which is recognised as an area of outstanding natural beauty and as a Ramsar site as well. People all over the world are aware of the area and, for that reason, I am pleased to be here to talk about it.

Ards borough council—wearing a hat that I had for some 26 years; I resigned from it only a year and a half ago—was part of the area's economic development. The council and its development officer—along with the Northern Ireland Assembly and Down district council, which also has a part of Strangford lough is within its area—recognised the good news that there was an opportunity for economic development, which would create jobs and financial stability.

The hon. Member for Workington (Tony Cunningham) is not in his place, but Exploris in Portaferry is part of the group that he spoke about earlier. It is an aquarium in the south of my constituency that attracts approximately 200,000 visitors a year. My hon. Friend the Member for East Londonderry (Mr Campbell) mentioned educational advantages and the hon. Member for Romford responded to his question. Exploris focuses on education and is an attraction for schools, which keep coming back, and the format changes every couple of years to keep it new and fresh. The seals in Strangford lough have been the key to promoting the aquarium—they are the stars of Exploris. About three years ago there was an outbreak of seal flu. There was a concern that a lot of the seals would die, but the seal population is back and attracts many people to the area. Exploris can grow: private enterprise is keen to be involved and Government money will be spent. Arlene Foster, the Minister with responsibility for tourism policy in the Northern Ireland Assembly, is working with councils to bring further economic development and growth.

Our second jewel in the crown is Castle Espie. At least one hon. Member in the Chamber is aware of Castle Espie. The gentleman who was originally responsible for the Wildfowl and Wetlands Trust harvested, from a shooting point of view, wildfowl in Strangford lough and further afield—something that I have done, too. Although Castle Espie provides an opportunity to shoot geese and ducks, its wildlife centre also has a clear responsibility as a conservation area. People can visit the area and enjoy seeing ducks, geese and waders. Strangford lough is one of the areas in Europe and the United Kingdom that is visited by Brent geese. They come in large numbers, which continue to grow. Perhaps the Government will have to consider whether Brent geese stay on the protected list or become a quarry species, but that is for the future. More than 100,000 people visit Castle Espie every year. There has been substantial expenditure to attract new visitors, and to make the convention centre more attractive to people from outside the local area. For a nice exciting day, it is clearly a place to visit.

There is an economic benefit from tourism, and there is more to come. It is a growth industry on which we need to focus, and that is why I am pleased to speak

in the debate. The two local councils have created 400 jobs off the back of tourism in our area. I believe that tourism can and will provide more. Castle Espie has been upgraded, and Exploris has seen substantial financial commitment. It is wonderful to have those two attractions, along with the Mount Stewart estate in the centre of the Ards peninsula. Mount Stewart is not a zoo, an aquarium or a wildlife centre, but another attraction. I encourage hon. Members, if they have not booked their holiday for next year, to do so now: Strangford lough and the Strangford constituency would be the place to come to, with Mount Stewart in the centre, Exploris down at the southern toe, Castle Espie on the other side and much, much more. They will not be disappointed. Jobs have come off the back of tourism, with potential for economic growth. We can do more.

Mr Nigel Dodds (Belfast North) (DUP): As my hon. Friend is issuing invitations to visit Northern Ireland, may I urge people, and urge him to urge his constituents, to come up the road to Belfast? Not only are we investing £100 million in the new Titanic signature project for 2012—a massive investment in one of the world's greatest tourist attractions—but Belfast zoo is one of the UK's leading zoos. It will, for many years, continue to attract tens of thousands of visitors from across Northern Ireland. He is right to focus on the massive tourist boost of having a zoo in the region that we represent.

Jim Shannon: I thank my right hon. Friend for his intervention and fully support what he is talking about. In Northern Ireland, we are very fortunate to live in much more pleasant times. We have a democratic process that is moving forward, and we have partnership government. It may not be ideal in every sense, but it is certainly the way forward. We have an opportunity for growth, part of which is tourism, as he says.

I am very pleased to be here today to speak in this debate. I encourage hon. Members to consider their holiday destination for next year. I am sure that my right hon. Friend, my hon. Friend the Member for East Londonderry and I will be able to supply tea and biscuits. We are pleased to speak to this matter, and we thank the hon. Member for Romford for securing the debate.

10.6 am

Mike Crockart (Edinburgh West) (LD): I welcome this debate and the opportunity to discuss the role that zoos play in our regional economies. I thank my hon. Friend the Member for Romford (Andrew Rosindell) for his work in securing the debate. In my maiden speech last year, I laid claim to represent more penguins than any other hon. Member. I am proud to able to add to that list, and I must, obviously, mention Scotland's new arrivals. While I am not the only hon. Member here today to represent exotic species, I am very proud to be the only hon. Member with two giant pandas as constituents: Tian Tian and Yang Guang, or Sweetie and Sunshine. They arrived last week and I understand that they are settling well into their new home. I hope to be able to visit them in the coming weeks. I am pleased that Scottish Enterprise has wasted no time in commissioning a report to help to understand the pandas' potential impact on tourism, and the economic impact at local and national level. I await its findings with great interest.

Today's zoos are much more than entertainment; they are centres of conservation, education and research. Yes, zoos continue to draw huge numbers of tourists, and so add directly to a region's economy through tourist revenues, supply-chain jobs and roles in the service industries. However, their ability to deliver wider and more dramatic results has been somewhat curtailed by a failure to recognise them as businesses, centres of innovation and hubs linking cutting-edge scientific research, education, technology and commercialism. I hope that today's debate marks a step change in that respect. With our focus on growth and rebalancing the economy, it is essential to capitalise on all areas to drive future development and sustainability.

Edinburgh zoo, in my constituency, is home to more than 1,000 rare and endangered animals. It is also one of Europe's leading research centres for conservation and education, working collectively with many other zoos and conservation agencies in co-ordinated programmes. The Royal Zoological Society of Scotland has also worked for recognition by the university of Edinburgh as an accredited research associate, and has signed a memorandum of understanding with seven major Scottish universities to ensure co-operation in research. As my hon. Friend the Member for Romford said, the UK's zoological institutions are uniquely positioned to act as shop windows, championing the cutting-edge research being undertaken in our universities. He mentioned excellent examples in Wales, Plymouth and Edinburgh.

In Edinburgh, pairing with St Andrews is producing excellent output in primatology. The work is not just in biology, but is pushing boundaries and discoveries in chemistry, physics, engineering, maths, design and aesthetics. Interestingly, the Budongo trail, an excellent facility hosting the chimps, also has corporate rooms available for conferences, overlooking the chimp enclosure. It is perhaps arguable who is more bemused by what they see: the chimps or the conference participants. Such research work should not be shut away in our universities and research laboratories, but shared and celebrated with the public and visitors from overseas. It seems clear that, in that way, our zoos and similar institutions can and should act as a hub, translating primary research and scientific excellence into something of commercial and educational value. In Edinburgh, that education extends not only to school visits but to the excellent summer school run for 15 and 16-year-olds from throughout Scotland. Another example of local engagement is seen in this year's 175th birthday celebrations for Bristol zoo, where sculptures of gorillas by local artists were placed on a mass public art trail for 10 weeks this summer.

As my hon. Friend said, zoos and aquariums contribute £645 million each year to the economy. A recent American report suggests that zoos have been doing better since 2008, as people increasingly look for affordable entertainment. With appropriate support and encouragement, however, such sites can become even more dynamic engines for regional growth and development, boosting local jobs, driving long-term tourism growth, championing environmental technology and enhancing regional leisure opportunities, thereby encouraging inward investment. The sector itself recognises that it has more to offer, if only its unique position were

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recognised by others, Government in particular. To quote Dr Miranda Stevenson, director of the British and Irish Association of Zoos and Aquariums:

"Zoos and aquariums have a great deal of potential which is not being exploited by the government. They are not only a significant tourist attraction, but are of great conservational, educational and economic value in terms of local economic development and wealth generation."

She added that a recently produced BIAZA report was

"the first step towards establishing the value of zoos to the wider economic and social good."

The mention of social good is interesting and I want to touch on that briefly.

In no other sector are visitors so equally spread across ethnic group, age, socio-economic background and level of education. The tradition of a family day out at the zoo blithely transcends social and economic barriers, and includes nearly every child at a formative point in their education. The BIAZA report showed that in 2010, 25 million people, more than a third of the UK population, visited one of its zoos or aquariums over the year; more than 1.2 million of them on an educational visit. That is not unique to the UK. A report on Australian zoos found that more Australians visited zoos each year than any other form of cultural entertainment, apart from watching films. Yet the chance to use zoos, safari parks and the like as a place to deliver key messages on education and opportunity is often overlooked. The UK is not alone in that respect. The same Australian report concludes that

"the contributions that governments make to the zoos sector is very low compared to the way in which society values zoos."

I hope that today's debate will mark the beginning of a new era for the UK's zoos, recognising them as institutions that can help us to grow economies and address skills gaps. As such, I hope that the Department for Business, Innovation and Skills will open practical and frank discussions with BIAZA.

10.13 am

Andrew Selous (South West Bedfordshire) (Con): I shall be as brief as possible, given that many other colleagues want to speak in this important and popular debate.

When people ask me where my constituency is, I often say that I am the Member for Whipsnade zoo, because it is easily the best known institution in my constituency. Although I represent three towns and 14 villages including many wonderful historic houses, thriving businesses, wonderful churches and so on, the best known part of my constituency is Whipsnade zoo, which has around 0.5 million visitors a year. In common with other Members, I cannot resist giving a little plug while I am on my feet, even though it is not the main focus of our debate.

Whipsnade is the United Kingdom's largest zoo, with 600 acres and 2,500 animals—I must say that to my hon. Friend the Member for Bosworth (David Tredinnick). People can walk or drive around it, or take the safari bus or steam engine. A range of attractions include cheetah rock, the lions of the Serengeti—including reference to the Selous game reserve, the largest in the world—and the rhinos of Nepal, or someone can be in with the limas or in the chimpnasium. Daily shows include the "Sealion Splash", where people who get too close are liable to get quite wet, but it is good fun, and the "Peckish Penguins". So I can tell the hon. Member for Edinburgh West (Mike Crockart) that Bedfordshire, as well as Edinburgh, has penguins. In Bedfordshire we also have not only Whipsnade but, close by, Woburn, with its wonderful safari parks. Bedfordshire is certainly doing its bit for zoos and for tourism in our area.

The Minister will be interested to know that in spite of our difficult times, I am told by David Field, the excellent director of Whipsnade, that visits to the zoo are on the increase and that the number of visitors has been the highest in the past 37 years of the zoo being open. That is excellent news because zoos, as many Members have said this morning, are not only wonderful institutions, where we learn about conservation and protecting our wonderful threatened animals around the world, but thriving businesses. In the summer, Whipsnade can employ up to 300 people directly, and there are many other jobs associated with such a major tourist attraction.

As far as Whipsnade specifically is concerned, it could do even better and contribute more to our local and national economies if there were improved public transport. Unlike some other zoos, which are in the middle of towns, Whipsnade is quite isolated; it is in the beautiful Bedfordshire countryside, high up in the Chiltern hills outside Dunstable. If we had better bus links, perhaps even a direct bus from Luton station, we could get more visitors, contributing even more to the local economy. Forty thousand school children went round Whipsnade last year—a significant part of their education.

Nia Griffith: Does the hon. Gentleman agree that there is a gap between when visitors come as children and when they return to bring their own children or grandchildren? How does he suggest that we might deal with that gap in the middle—the teenage years, the early 20s and so on—when we do not seem to be drawing in the people we would like to be getting in?

Andrew Selous: One way would be an innovative membership scheme, with repeat visits at reduced prices, so that people go regularly to their local zoo. The hon. Lady is absolutely right; we do not want zoos to be places where people go once every couple of years, but places they visit regularly, without those huge gaps. Pricing schemes that are a little easier on the pocket could be one way of dealing with what she rightly suggests.

Some of the representatives of zoos who are attending the debate have put it to me that it is not as easy for zoos to apply for lottery grants or heritage funds as it is for other organisations such as museums. Perhaps the Minister will kindly agree to look at that. We realise that money is tight, but the thrust of the debate, excellently started by my hon. Friend the Member for Romford (Andrew Rosindell), is that zoos are looking for dialogue with the Government and the Minister's Department. They are having a positive effect on inward investment, creating more jobs and helping to get the economic growth that we need. The Minister is committed to leaving no stone unturned to promote economic growth in this country, so I am sure that he will want to see the zoo and aquarium sector playing the fullest possible part in the important job that he is undertaking for us.

10.19 am

Oliver Colvile (Plymouth, Sutton and Devonport) (Con): I too congratulate my hon. Friend the Member for Romford (Andrew Rosindell) on securing the debate.

I have always been interested in the subject, mainly because I remember as a child watching "Animal Magic" with Johnny Morris, who did those wonderful voices. I was also brought up on "The Lion and Albert"; Members might remember that on a family visit to the zoo Albert was eaten by the lion, because at Blackpool the waves were "fiddlin' and small" and it was not at all a nice place to have ended up.

I am delighted to be able to contribute to the debate because, as the Member of Parliament for Plymouth, Sutton and Devonport, I host the national aquarium, which is the largest in the country. It plays a major part in the regional economy, as well as contributing to the national economy. Last year, it received around 264,000 visitors, of whom 30,000 were schoolchildren. It employs between 72 and 75 people, some of whom work part-time, who make a significant contribution to the local economy. It had a turnover of around £2.5 million, and received a grant of £500,000 from the regional development agency for capital activity.

I was a candidate in Plymouth for a very long time—more than 10 years—and during the 2001 general election, when the countryside was closed due to foot and mouth disease, the aquarium in Plymouth became a major attraction because people could not go out to the countryside. I have been told that if it is raining in the morning, the local community knows that it will be inundated with people visiting the aquarium because they will not go to the beaches or into the countryside.

The aquarium plays a significant role as a major tourist attraction but, more importantly, it works closely with Plymouth university, which is one of the principal marine science engineering universities in the country. It is helpful that it is part of a cluster of activity, which is why Plymouth is one of the principal global leaders in maritime research. The aquarium moulds its exhibits and education programmes, and drives conservation projects very well and in a big way. It is run as a business, not as an organisation that receives Government handouts, and it ensures that it uses natural resources and encourages its suppliers and customers to act ethically. It is part of an industry that attracts paying graduates from all round the world, so it is an international organisation.

Next year, we will commemorate the death of Captain Scott of the Antarctic. Many people will know that if he were still alive today he would be my constituent. I regularly come across people who tell me that their grandparents used to steal apples from his garden—they could not do that now, as it has been built on. Plymouth will receive an enormous amount of attention because of Captain Scott's death, and I hope that the aquarium will recognise that.

Another place that will ensure that Captain Scott's death is commemorated is the Natural History museum, which will run a major exhibition from January to October. Next year will see an increase in the number of people wanting to go to the aquarium in Plymouth because there will be enormous publicity. In the last few weeks, we have watched David Attenborough's "Frozen Plant", and that too will be a major boost for the aquarium.

Without further ado, I thank you, Mr Bone, for allowing me to speak, and I wish everyone the best of luck and a very happy Christmas.

10.23 am

Stephen Mosley (City of Chester) (Con): I thank my hon. Friend the Member for Romford (Andrew Rosindell) for giving me the opportunity to speak on behalf of the 7,000 animals from 400 species that live in my constituency at Chester zoo. It is Britain's most popular zoo, and generates 1.4 million visits a year. It is regularly rated one of the top 15 zoos in the world.

Since its establishment in 1934, Chester zoo and the North of England Zoological Society has always been a charity and a members' organisation, and has always had a social enterprise ethos. Because of that, Chester zoo has for more than 75 years been a big society success story. Today, it generates some £13.5 million in visitor revenue, and employs some 300 core staff year round, and 160 seasonal staff during the summer. It is a high-quality employer that brings good, long-lasting jobs to our local economy.

Like many zoos—we heard about Twycross—Chester is a leader in conservation, both at home and abroad. In the UK, it is responsible for breeding many native species and reintroducing them back into the environment, including sand lizards, dormice and harvest mice. It is also a centre of international excellence for breeding programmes with other zoos to provide an insurance policy so that many endangered species have a large enough population to ensure genetic stability. We are looking forward to the opening within the next couple of weeks of a £250,000 giant otter breeding centre, which will include underwater viewing areas with tunnels allowing people to pop up among the giant otters. It will include a breeding programme for giant otters, which are an endangered species from south America.

Chester zoo is involved in more than 150 field projects in 50 countries. It directly runs 10 major field programmes throughout the world, involving elephants, black rhinos, jaguars, the realm of the red ape, and a Nigerian project. Through conservation and research grants from the North of England Zoological Society, it funds more than 60 field projects around the world word, including projects on cheetahs and komodo dragons.

Like many zoos throughout the world, much of the Chester zoo's international work is based in the far east, south Asia and south America, which are some of the fastest growing economies in the world. We have brands and zoos that are doing good work in those countries, and we should use their good name and their facilities to ensure that we sell Britain and British companies to those fast-growing countries to enable and support our economic growth. We have heard about research and educational facilities offered by zoos, and Chester zoo does all that.

I turn to what Chester zoo wants to do in future. It has huge ambitions. For the past two years, it has been drawing up a £225 million natural vision project, which hopes to transform the zoo over 12 years into one of the world's largest and greatest animal and visitor experiences. The idea is to develop a series of themed zones, and to expand the size of the zoo by one third to make it one of the largest in Europe. As part of that proposal, it is

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planning to safeguard some 500 jobs, and to create 660 new jobs in the zoo and the local economy. The total cost will be £225 million, with the first phase costing some £90 million.

Planning approval was granted in November last year, but there are difficulties because the zoo was promised £40 million from the Northwest Development Agency, and that money is no longer available. It is now looking for alternative sources, and trying to rearrange its plans to ensure that it can deliver as much as possible through its own resources. It is being successful in that. Over the next couple of years, it is hoping to use its own resources to open an islands exhibit, which will focus on Madagascar, Mauritius, Sumatra and other south-east Asian islands. It will feature an Indonesian show house, boat rides, and underwater viewing of animals. It will house Sumatran orang-utans, tigers, komodo dragons, fruit bats and crocodiles. Part of the proposal is to build a 150-bed themed hotel within one of the themed zones.

The zoo's idea in developing the natural vision project is to ensure that visitors will not have just a one-day experience, but stay the night in Chester, go to restaurants, and spend money in the local economy. We have noted that the zoo attracts a huge number of visitors, but many of them are day visitors. They catch a train or drive to Chester, visit the zoo and then go home again. We want to try to ensure that people come and stay the night. If they spend several days in Chester, they can visit not only the zoo but the other attractions that Chester has to offer. They might also visit Liverpool or north Wales in the wider sub-region. Chester zoo sees itself as an engine for growth locally. With its large, high-profile projects planned for the future, it can deliver real economic benefits.

The North of England Zoological Society at Chester zoo has huge ambitions, which is down to the work of the zoo's director general, Mark Pilgrim, and Barbara Smith, the managing director. If the Minister is interested in seeing the good work that zoos do in the local economy and the good work that is planned for the future, Chester and the zoo will be happy to welcome him.

10.30 am

Simon Hart (Carmarthen West and South Pembrokeshire) (Con): I thank my hon. Friend the Member for Romford (Andrew Rosindell) for giving us an opportunity to talk about places and things that we are passionate about: economic activity in our areas, tourism, and, in my particular case, the subject of learning outside the classroom, which has been mentioned by other speakers.

I will mention two examples of progressive zoos as opposed to zoos in the more traditional sense in Carmarthen West and South Pembrokeshire. We have heard about the conservation and education benefits, so I will not repeat those points. My two examples are perfect illustrations of those. However, we have not touched on the areas of job creation and job sustainability. In the two examples that I will refer to, there are jobs in marketing, finance, IT, animal husbandry, catering and retail, and jobs in the wider community in the secondary industries that rely on our progressive zoos. It is not just about tending animals and teaching kids about the wider world. There is a vibrant, important and sustainable job market in and around progressive zoos, even in small pockets of west Wales such as those I am lucky enough to represent.

My two simple examples include Folly Farm, tucked away in the village of Begelly in west Wales. I remember it as a farm by the road in 1988 where someone could call in and watch the Williams family milking their cows. A few years later, we had 400,000 visitors going through that establishment. It is renowned throughout Wales and the rest of the UK, and it is known further afield as a centre of excellence as a progressive zoo. It is now Wales's largest paid-for tourist attraction. It has 60 employees—160 when it is at full speed in the summer months—and it is not too far down the road from the other classic example, which is the Manor House wildlife park run by Anna Ryder Richardson and her family.

I used the Folly Farm example to highlight economic benefits; I will use Manor House to highlight educational benefits. One or two colleagues know of my interest in learning outside the classroom. My point, which I hope the Minister will take on board, is that there is increasing evidence that learning outside the classroom brings profound economic benefits further down the line. These establishments take kids of varying abilities from all sorts of backgrounds and enable them to learn things in a different set-up from the traditional classroom scenario. The effects of this on the children and their teachers are fantastic. Some children are not particularly brilliant at classroom activity, but find that when they are in the company of animals or experts and other visitors in the zoo, it brings something out in them that a traditional education has not been able to discover. It improves their knowledge of food sourcing and nature, and their physical fitness and self-confidence in many different ways, and it makes them more rounded individuals. It means that they are more likely to be economically productive when they grow up rather than a drain on the nation. We must not underestimate the value that zoos offer. I hope that the Minister will see that the benefits amount to more than what is on the tin when we read about the zoo in our local paper or on a website. The contribution that zoos can make through the education system, which has an economic benefit, must not be understated.

I will mention the three things that we would like. We want recognition, which I am sure is forthcoming, of the sustainable economic activity, both primary and secondary, that the establishments provide, especially in more isolated rural areas. We want recognition of the value of learning outside the classroom, not as an alternative to a traditional education or as an alternative entertainment to which children can be subjected, but as something that brings real long-term economic value locally and nationally. We also want it recognised that, for some strange reason, zoos do not seem to be attributed the same value as museums or sports and science centres when it comes to funding from either national or local government. Their contribution and potential are obvious at every level, so it is strange that, for some reason, zoos get a second-class deal when it comes to potential funding.

The debate has been very worth while. I suspect we will hear more. I hope that we do, because history has shown that zoos are an active and positive element of economic growth, which we refer to in so many other areas.

10.35 am

Mark Garnier (Wyre Forest) (Con): I too congratulate my hon. Friend the Member for Romford (Andrew Rosindell) not only on securing the debate, but on his very hard work on the all-party group.

Like many hon. Members, I am keen to contribute because I have in my constituency not just a zoo and an aquarium but an entire safari park. I am delighted to see the director of wildlife, who has come to see this debate, in the visitors gallery. We have been hearing about zoos making a local impact, but I can confidently say that a whole safari park does a huge amount more. Having an institution and tourist attraction like the West Midland safari park is important, because it adds to a comprehensive mix of local tourist attractions. Alongside the safari park is the Severn Valley railway, one of the biggest heritage railways in Europe and also an important tourist draw. Between them, they complement a tourist day out that comprises a visit to the Wyre Forest and to towns such as Stourport-on-Severn and Bewdley with their amazing riverside characters.

The tourist offering is significant to the local economy. As we know, one of the fastest ways of drawing in economic activity is through the tourism industry. It is estimated that these local attractions, which form part of the west midlands key attractions group, bring in many millions of pounds of economic benefit locally and some 750,000 visitors to Wyre Forest every year. West Midland safari park is more than just a tourist attraction. As a seasonal employer, it provides 250 extra jobs for school leavers every year. It seems there are few people in Wyre Forest who have not worked at the safari park at some point to gain early job experience. Indeed, the current leader of Wyre Forest district council was a ride operator in the amusement park.

An organisation like the WMSP has a huge amount more to offer. The safari park makes a massive contribution to animal research in a number of ways, from allowing researchers access to study animal behaviour and collecting physiological measurements, to supplying them with biological samples and animal records. The park also collaborates in projects initiated by endangered species breeding programmes, and with other zoological parks, national and international conservation bodies and university staff. In a measure to help educational projects, the park spends six months of the year hosting students from local universities who collect data for MSc and BSc dissertations on focal topics chosen by the WMSP. The park also encourages applications from professional researchers and postgraduate students who are involved in projects that are in line with their research missions.

The safari park hosts many rare and endangered animals. However, it is the economic commitment that the safari park makes to the local economy that I am most in awe of. When the main house of the estate, Spring Grove house, burnt down a few years ago, the managers of the park received an insurance payout. They took that money and tripled it to create an incredibly impressive local venue that in itself draws much economic activity. The managers also created the single biggest seated venue in Worcestershire with a tented function facility that can seat more than 400 people.

Finally, but most impressively, there are plans to create a 250-bed conference venue that takes advantage of the "Out of Africa" theme that only a safari park can offer. This will be the biggest conference centre in Worcestershire and will add to the incredible array of offerings that Worcestershire can make. The economic impact of the WMSP is incredibly important. I visit it frequently with my young family. It is a truly wonderful experience. To my constituency, it is an important local economic driver. It is an opportunity for school leavers to get work experience and a centre of excellence for research.

In conclusion, I am reminded of a conversation that I had with a constituent. He used to live in Karen in the suburbs of Nairobi. He told me that, despite living in Kenya for 15 years, it was only when he moved to Kidderminster that he could have a sundowner gin and tonic in his garden and listen to the lions roaring in the distance.

10.39 am

Mr Gordon Marsden (Blackpool South) (Lab): It is a delight to serve under your chairmanship Mr Bone, and I warmly congratulate the hon. Member for Romford (Andrew Rosindell), who has added to his well-justified reputation as a champion of animal welfare in the House by presenting a cogent and compelling case for the economic role of zoos and aquariums. His case has been echoed by the wide and extraordinarily positive range of contributions that have come not only from my colleagues in the Opposition, but from across the Chamber, and included a cameo appearance by my right hon. Friend the Member for Leigh (Andy Burnham). He reminded me of his previous involvement with the Department for Culture, Media and Sport, not least with Knowsley zoo. We heard about an array of places: the east midlands, Cumbria, Wales, Northern Ireland, Whipsnade, Plymouth, Chester, and West Midlands safari park—I beg the forgiveness of hon. Members if I have left any out.

Together with the obvious promotions and the pride that hon. Members have shown for zoos and aquariums in their constituencies has been an underlying economic theme. Again, I congratulate the hon. Member for Romford because he put his finger on many of the issues concerning the blueprint for economic growth. Zoos can be used for outreach into other disciplines and can forge links with universities or research and development bodies. Perhaps the Minister will pass that message to his hon. Friend the Minister for Further Education, Skills and Lifelong Learning, because research in STEM subjects—science, technology, engineering and maths—involves not only higher education but further education and will be a key area in the future.

The hon. Member for Romford mentioned all the Departments that are involved with zoos, and I warm to that theme. Before becoming a Front-Bench spokesman, I spent 13 years working with Members from all parties to promote the seaside and coastal towns, and the Government need to work across silos to encourage and support such places. We have the same issue with zoos, and I warmly support and endorse the hon. Gentleman's comments about the practical dialogue that is needed between officials from the Department for Business, Innovation and Skills and zoo organisations. I am sure that the Minister will respond positively on that point.

The hon. Gentleman described the Eden project as one of the most successful of its kind, and he put his finger on the fact that zoos often provide a point of entry to much broader economic activity, not only for

[Mr Gordon Marsden]

tourism but in terms of educational and environmental activity. Hon. Members may smile initially at that point, but it is a central role for BIS and other Departments, especially in the context of grants and their close involvement with the Department for Communities and Local Government.

All hon. Members in the debate have their own personal anecdotes and background. I am a native Mancunian, and my fondest memories of the late-lamented Belle Vue zoo are not so much about the animals—although I am sure that they made an impression—as about the walk-through concrete whale that was a central feature of the zoo. It stimulated me at a precocious age to set up a bring-and-buy stall outside my parents' house in aid of the World Wildlife Fund. As a reward for my efforts, I received an enamel panda badge, which goes to show that then, just as now, pandas were an iconic symbol.

It is clear that zoos play a crucial role in the local economy. According to statistics from Visit England, in 2010, zoos made up a quarter of the top 20 fee-charging visitor attractions in the UK, with well over 6 million visitors. As hon. Members have noted, that was recognised by the regional development agencies, some of which played a key role in boosting tourism in the regions and promoting zoos as part of an overall tourism programme. Sadly, however, the Government's hasty abolition of RDAs led to some funding not going through, as with Chester zoo, and perhaps more subtly, it removed some of the expertise and internal, informal architecture that brought together further education, higher education and entrepreneurs to seek investment for new projects. If zoos and aquariums cannot find other local mechanisms to replace that investment, they will miss out. James Ramsbotham of the North East chamber of commerce recently said that One North East had done a particularly good job of promoting the north-east as a tourist destination, and as I know from my experiences in Blackpool, tourism initiatives are a key spur for economic growth.

Other hon. Members have mentioned their local zoos, so I will mention Blackpool zoo. It has a proud lineage and used to be owned by the council, although since 2007 it has been operated by Parques Reunidos, one of the largest operators in Europe. It, too, has a weird and wonderful collection of attractions such as the giraffe heights, wallaby walkabout and the dinosaur safari—the dinosaurs are not living, of course, but the safari exists. It also has Maisie, who in 2010 became the first western lowlands gorilla—an endangered species—to be born in the zoo. Such zoos work as a point of entry to other attractions in the town such as Stanley park, an iconic park from the 1920s and 1930s that has undergone major renovation in recent years and is adjacent to the zoo. Visitors to Blackpool are brought from the seaside and into the country and to Fylde, and that shows how points of entry can be used.

The Library has risen to the occasion, as always, and provided a brief for the debate. It mentions Chester zoo, which is in the constituency of the hon. Member for City of Chester (Stephen Mosley), and cites an interesting quotation from Charlie Seward, the director of regeneration at Cheshire West and Chester council:

> "There is a real push in the city... We are seen as not keeping pace with the competition...from big cities such as Manchester and Leeds. We need to be putting in our own investment."

That is a good example of how second-tier towns and cities are demanding the ability to utilise initiatives such as zoos.

A spokesman from Paignton zoo stated that it had been able

> "to access grants through the South West Regional Development Agency and from Europe. Crocodile Swamp was part-financed by the European Regional Development Fund."

If the Government do not get a move on over the European regional development fund, they might find themselves in a crocodile swamp of their own—that is a discussion for the Minister and I to hold on another occasion.

We need new local mechanisms to take forward initiatives such as zoos. That is why the recent Centre for Cities report argued that local enterprise partnerships were at a crucial stage and that the Government need to act fast to make further resources available. A start has been made with the recent announcement on cities the other week. I have always thought of the Minister of State in the Department for Communities and Local Government, the right hon. Member for Tunbridge Wells (Greg Clark), not as "disgusted" but as endlessly positive and energetic. If he were an animal, fictional or otherwise, he would be Tigger. He bounced up and down and talked about the importance of cities, but in this context, second-tier towns and cities, the seaside and rural and suburban areas adjacent to our large regional cities are also important. That is why my hon. Friend the Member for Streatham (Mr Umunna) recently called on the Government to hold a full impact assessment into the replacement of RDA funding and those groups that might have been left out, such as zoos and aquariums. It is welcome that Visit England has been allocated £20 million under the second round of the regional growth fund, and in his official discussions I urge the Minister to highlight the role that zoos can play.

Where will we be in 10 or 15 years' time? People will not be buying masses of plasma TVs for Aunt Agatha's 80th birthday; they will be buying her a trip to the zoo or another experience. We are in a world where we will be buying experiences, and zoos are very well placed for economic activity in that area, so I ask the Minister to go out and be a friend to the warthog, the wallaby, the ring-tailed lemur and possibly even the slothful panda, although given the extent of its consumption, I am sure that it would not fit with the Chancellor of the Exchequer's lean-and-mean economy today. Does the Minister realise that—to adapt the traditional Hollywood film adage—"There's gold in them thar zoos."?

10.50 am

The Minister of State, Department for Business, Innovation and Skills (Mr Mark Prisk): I add my congratulations to my hon. Friend the Member for Romford (Andrew Rosindell) not only on securing the debate, but on setting out the broad issues, which a number of hon. Members have also highlighted. I am not sure about the animal analogy and I shall spare colleagues by not taking it further. Let me simply say that I have never been good with reptiles, which is why, thankfully, I do not have to spend too much time with the tabloids.

Let me refer to some of the excellent remarks made by hon. Members. My hon. Friend rightly highlighted the heritage of the institutions. Incidentally, given the

time left to me, I will use the phrase "zoos and aquariums" as shorthand; hon. Members whose constituencies contain safari parks and other attractions should not feel left out. My hon. Friend raised economic and tourism issues, which I will come to, but he also highlighted something that other hon. Members mentioned, which is that the first practical contact children have with the natural world is often through the local zoo, safari park or aquarium. It is right to highlight that social role. All of us can respond to that point.

My hon. Friend the Member for Bosworth (David Tredinnick) spoke of the excellent work of Twycross zoo. I am familiar with Twycross; I have met the senior managers there. My hon. Friend highlighted, as several other hon. Members did, the international role that zoos and aquariums can play. I am talking not just about what we do in this country, but about reaching back to some of the countries from which the relevant species originated, so that we think about a sustainable future more holistically. That is an eminently sensible and good point.

The hon. Member for Strangford (Jim Shannon) referred to what are clearly the delights of his constituency and how those local natural attractions have created some 400 jobs as part of the broader tourism industry. If we take that together with a stay-over not in Belfast zoo but certainly nearby, I think we have our Easter trip sorted out, for which I am grateful to the hon. Gentleman.

The hon. Member for Edinburgh West (Mike Crockart) appears to have added pandas to his penguin constituents—it looks as though his next constituency surgery will be much more interesting. He made the important point that zoos are businesses. That is part of this debate. Whether they are profit-making or charitable and therefore social enterprises, I certainly recognise that they are enterprises—businesses. That relates to the point made by my hon. Friend the Member for Romford. The whole of Whitehall—my Department included—needs to recognise that and engage in a cross-Whitehall dialogue.

My hon. Friend the Member for South West Bedfordshire (Andrew Selous), who is, as he rightly pointed out, the hon. Member for Whipsnade zoo, among other things, made the point by saying that he identified with that zoo—that safari park. That goes to the heart of the way in which people regard their area. It is something that they take pride in. He made this very good point: the fact that visitor numbers are rising shows that the public clearly value these institutions in their communities.

My hon. Friend the Member for Plymouth, Sutton and Devonport (Oliver Colvile) referred to the excellent national aquarium. I shall come to that. He referred in particular to links between universities and zoos. That point was well made.

My hon. Friend the Member for City of Chester (Stephen Mosley) raised a question with regard to the plans for Chester zoo. I understand the challenges and the ambitions, which are super to hear about. They involve not just the current otter breeding centre, but also the 10 overseas centres. My remarks in a moment will focus on the regional growth fund, of which there are two further rounds. The management may want to have a look at that to enhance the planned private sector investment.

We heard a contribution from my hon. Friend the Member for Carmarthen West and South Pembrokeshire (Simon Hart). The point about outside learning is right. It is important to understand that this is not necessarily just about an academic subject; it is about the experience gained through the learning process. Clearly, my hon. Friend has two excellent examples in his constituency.

Last but by no means least, my hon. Friend the Member for Wyre Forest (Mark Garnier) raised the excellent work at the West Midland safari park. It does not relate just to the conservation of endangered species; there are wider research projects. He ended with the marvellous image of someone enjoying a stiff gin while the sun sets over Kidderminster—a very good way to focus on the issue.

In the five minutes left for the debate, I want to focus on the economic and social benefits and make a couple of points about tourism, and refer to the engagement with Government and industry and to the wider issues that zoos, aquariums and other institutions face. The report by the British and Irish Association of Zoos and Aquariums, which examines the economic issues, makes significant statements that the debate has touched on. For example, when we consider indirect and induced effects, we see that these institutions provide some £645 million in terms of value in our economy. They are significant visitor attractions; the spending by tourists on-site of some £246 million is enhanced by additional spending of some £198 million in the surrounding area. That goes back to points made by hon. Members on both sides of the Chamber about how an attraction can be a focal point for wider economic opportunity.

The question is how we can ensure that, as part of tourism, these institutions are able to benefit. In March, the Under-Secretary of State for Culture, Olympics, Media and Sport, my hon. Friend the Member for Weston-super-Mare (John Penrose), who is responsible for tourism and heritage, set out a clear policy for tourism. It is about ensuring that the visitor economy, which is worth some £52 billion to the economy as a whole, is enhanced. It is about recognising the role that can be played not just in urban areas but, as my hon. Friend the Member for Carmarthen West and South Pembrokeshire pointed out, in rural communities—a very important addition.

This is an area where there are real opportunities for growth, but we want to ensure that the sector is both more productive and more competitive. Our domestic tourism industry offers good growth potential because at the moment this country sees fewer staycations—in plain English, that means people wanting to holiday at home rather than go abroad. A lower proportion of our population holiday at home than go abroad. I was looking at the number of zoos and aquariums in the list of top paid-for attractions in England, and interestingly it appears that three of the top 10 English paid-for attractions are indeed zoos and aquariums. A couple have been mentioned today. The three attractions are Chester zoo of course, London zoo and Flamingo Land theme park and zoo. Together, they secured 3.5 million visitors last year. That is more than Stonehenge and—dare I say it?—more than the Houses of Parliament, so clearly we have something to learn in this institution from the zoo industry. I will sweep gently over whether the inhabitants here are more or less interesting than

[Mr Mark Prisk]

those in zoos and aquariums. I will not go into that area, because I know that you want to ensure that I do not stray too far, Mr Bone.

It is important that we consider the wider issues. That means that there is a case for considering, as requested by my hon. Friend the Member for Romford, how the industry and Government can work more closely together, beyond just tourism. I stress the opportunities that exist in relation to the national funding streams. Yes, the RDAs have gone, but we have an opportunity with the £2.4 billion RGF programme, which has two further rounds to come. Some of the plans for the institutions that we have heard about today could well be proposals for those funds. In that regard, I encourage in particular my hon. Friend the Member for City of Chester: it is something that can work.

The role of local enterprise partnerships will be fundamental. Also relevant are the growing places fund and the enterprise zones. We are discussing areas where the existing institutions and future ones can play a role. Ministerial colleagues in both the Department for Communities and Local Government and my Department will want to encourage that.

Several hon. Members mentioned skills and science. These institutions are pivotal in that context.

Andrew Rosindell *rose—*

Mr Prisk: I am in the last minute of my speech, so I hope that my hon. Friend will bear with me; I must respond to this point. Science and skills are very important. Biology, zoology and veterinary science are crucial. As we heard from my hon. Friend the Member for Plymouth, Sutton and Devonport, the national marine aquarium is a classic example of what can be achieved. These are fine institutions. They deserve to be looked at and engaged with by the Government as a whole, across Whitehall—I include my Department. The roles that they can play in relation to tourism, science, skills and, of course, conservation mean that they continue to deserve the Government's full support.

Mr Peter Bone (in the Chair): I thank Members for their attendance and their self-restraint, which meant that nine Back-Bench Members have been able to speak in the debate.

Israel

11 am

Guto Bebb (Aberconwy) (Con): It is a pleasure to serve under your chairmanship, Mr Bone. I am pleased to be able to raise the issue of Government policy towards Israel in a quick, half-hour debate. Before I do, however, let me draw Members' attention to my entry in the Register of Members' Financial Interests, where I declare a trip I made to Israel about a year ago.

This is an important issue. The relationship between the UK and Israel has always been strong, and the UK has always been a constructive partner. At times, it has been willing to inform the Israeli Government of the need to move faster towards an accommodation with the Palestinians. At the same time, there has always been a relationship of respect and trust between the two Governments, and that has been clear not only in politics, but, very impressively, in business. The business relationship between the UK and Israel is extremely heartening, and it was most encouraging, on my visit to Israel in February, to see how the Israeli business community saw the UK as a good partner in terms of development.

It is interesting that despite the fact that the Israeli state has been extremely effective at developing the Hebrew language and culture—we in Wales have tried to follow it in reviving our own language and culture—the English language remains an important binding issue for the business community. Traditionally, Israel has perhaps looked towards the United States, but under our current ambassador, there is a developing business link between Israel and the UK. We therefore have a strong relationship with Israel, and we have been able to be a critical friend. That is a good position.

Sir Alan Beith (Berwick-upon-Tweed) (LD): I am grateful to my hon. Friend for bringing forward this issue. Do some of those who, quite understandably, want to criticise particular Israeli Government policies not sometimes need reminding that there is no criticism they make that will not be heard in Israel's vibrant democracy? It is much easier to work with a country that has as vibrant a democracy as Israel, even if we have criticisms of its policies.

Guto Bebb: I am grateful for that intervention from my right hon. Friend, who is a Liberal. When my colleagues and I were in Israel, one of the things we found quite amusing was that we, as MPs, occasionally complained about the fact that we had a coalition between two parties in Westminster. Obviously, Israeli politicians said they would be absolutely delighted if they could have a coalition between just two parties. Israel's proportional representation system means that it has a vibrant political system, in which criticism of Government actions happens regularly.

Paul Flynn (Newport West) (Lab): I was delighted to hear the hon. Gentleman refer, I believe, to a poem by Saunders Lewis, in which he urges Wales to follow the example of Israel, particularly in terms of reviving its language—it is a poem of great optimism. However, does he not agree that there is a world of difference between the Israel of Yitzhak Rabin and the Israel of Netanyahu?

Guto Bebb: I am grateful for that intervention, and I will come to that issue in due course, because I want to talk about the attitudes of the world press and of other Governments towards the current Israeli Prime Minister. I think his actions do not justify the way he is often attacked and portrayed badly in the media.

Let me turn, however, to our Government's policy towards Israel. In a conflict situation, there is no doubt that the use of language is extremely important. In that respect, I am delighted to see the hon. Member for Newport West (Paul Flynn) here. When we discuss such issues, language is important. I can vouch for the fact that the hon. Gentleman and I have disagreed on numerous occasions, but I know for a fact that there is not a racist bone in his body. However, a few weeks ago, because of a possibly inappropriate use of language, he found himself in difficulties. The use of language is therefore important.

That is why I requested this debate. The Foreign Secretary recently made a statement on issues in the middle east and north Africa, in which he gave his usual robust explanation of the Government's position. What that statement perhaps revealed, however, was an imbalance in the use of language. There was almost an implication that the lack of movement on the peace process was the fault of the Israeli Government, and the Israeli Government alone. When we have such debates, it is important that there is a degree of balance, but I think there was a lack of balance in the statement, given the expectation that any move would have to come from the Israeli Government.

It is worth quoting the Foreign Secretary's words:

> "For Israel, the only means of averting unilateral applications to the UN is a return to negotiations. A demonstration of political will and leadership is needed from both sides to break the current impasse"—

I welcome that comment, but the Foreign Secretary continues:

> "This includes the Israeli Government being prepared to make a more decisive offer than any they have been willing to make in the past."—[*Official Report*, 9 November 2011; Vol. 290, c. 535.]

That indicates a degree of criticism of the Israeli Government by the UK Government, and we have to ask whether that criticism is fair and balanced.

It is clear that peace will be achieved only through negotiation. We know that to be the case, and every Member in this debating Chamber would agree that peace will be achieved only if both parties come to the table and discuss how to create the two-state solution we all want and that we all know is the only way forward for peace in the region. However, it is important to state that if we are to have negotiations, both parties need to engage, and the problem with the statement was that it indicated that the process had stalled because of the lack of an offer from the Israeli Government. To an extent, that ignores history. Perhaps we should ignore history more in the middle east, but the truth is that we need to understand that the Israeli state has made numerous efforts over the past 10 or 12 years to make a clear and generous offer. As yet, there has not been a response from the Palestinians.

Mr Matthew Offord (Hendon) (Con): My hon. Friend is making an eloquent speech. He is quite right to say that Israel has made many such offers. In 1979, for example, it made its offer to Egypt, and the agreement between the two countries has been very successful. In 1994, it made a similar offer to Jordan, which has also been very successful. In 2005, it made what many consider a huge sacrifice by removing itself from Gaza. History has shown that the Palestinian side did not accept that in the spirit the Israeli Government intended.

Guto Bebb: I am grateful for that intervention; indeed, I suspect I can now throw away two pages of my speech. The Camp David accords of 2000 were a major offer for peace by Israel. I think I am right in saying that if the offer had been accepted, something like 97% of the land in the west bank and Gaza would have been available to create a viable Palestinian state. Indeed, in that regard, the highlight of my visit to Israel and the west bank was my visit to Ramallah, which was not the third-world enclave I had been told to expect, but a vibrant city that was growing and clearly prospering. It was perhaps not growing to the extent it should have been, but it was growing by 10% per annum, and I am sure the Chancellor would be delighted to swap.

The point I raised about the Camp David accords is extremely important, because the offer of 97% of the land in return for peace stalled on Israel's demand that the Palestinian Authority included in the agreement a statement that the agreement would end the conflict. When the British Government say that Israel has to make a generous offer, we in the UK must be very aware of its demand for an end to the conflict. After 30 years of waste and loss of life in Northern Ireland, we managed to bring all the parties, including the British Government, to the negotiating table, and a key element was the demand that the republican movement in the north of Ireland accepted that there was an end to the war. In terms of creating trust, it is imperative that both parties feel that the negotiation will finish the conflict, and that the option of going back to the conflict is not allowed.

The Camp David accords failed on Israel's claim that the Palestinian Authority would have to agree that there was an end to conflict, and it is extremely disappointing that that did not happen. In addition, of course, the Israeli Government took the decision to move out of Gaza in 2005. Time and again we are told that the crisis and problems in the middle east—

Jim Shannon (Strangford) (DUP): The hon. Gentleman mentioned the Northern Ireland situation. Clearly, there had to be an understanding from all parties on both sides of the community that violence does not work. Perhaps there was an understanding, after 30 years of campaign and conflict; perhaps people realised that the gun, the bullet and the bomb do not work. That is a key aspect of what is happening. Is there a realisation among the Palestinians—perhaps there is among the Israelis—that that should happen?

Guto Bebb: I sincerely hope so. Certainly there is a difference between the Palestinian Authority in the west bank and the attitudes of some organisations who were in control in Gaza. That issue is vital.

Mr James Clappison (Hertsmere) (Con): The Palestinians have a just cause and the Palestinian Authority have responsible and respectable leadership, but is there not a large problem in the shape of Hamas, which my hon. Friend has mentioned? Would he welcome hearing from our right hon. Friend the Minister whether there has

[Mr James Clappison]

been any movement at all from Hamas on recognising the state of Israel, giving up terrorism and abiding by its international commitments?

Guto Bebb: That is, indeed, one of the questions I was going to put, but now that my hon. Friend has made the point I am sure that the Minister will respond to it.

The 2005 decision to pull out of Gaza was met not with a break in hostilities but, rather, with continued attacks on Israel from Gaza. The situation in Gaza is a crisis and is unacceptable, but it is also unacceptable that a state such as Israel faces attacks from land from which it has withdrawn. It is important to point out, when the issue of settlement is discussed, that the Israeli leadership expended significant political capital in pulling out of Gaza. The decision to uproot settlers from Gaza was right, but we should not underestimate the political capital that the Israeli Government lost in making it.

Mike Freer (Finchley and Golders Green) (Con): I am grateful to my hon. Friend for obtaining this important debate. It is important that we have balanced debate on the peace talks. Does he agree that a strong Prime Minister goes into negotiations defending the national interest with clear red lines and that that is the secret to good negotiation? Asking one side to give up all its bargaining chips, such as settlements, in advance of negotiations, is clearly nonsense.

Guto Bebb: I tend to agree. I thought for a second, when I heard about a strong leader and red lines, that we were back in the Democratic Unionist party debate on Europe; so, yes, I agree entirely.

In addition to what happened in 2005, another offer was made in 2008, which would have resulted in 93% of the land mass of the west bank and Gaza being available for a viable Palestinian state, including a land link between them, which is critical. Again, that was rejected by the Palestinian Authority. I am not here to demonise the Palestinian Authority, but they must be partners for peace, and I have given three examples from the past decade when a partner for peace was not there.

Graham Evans (Weaver Vale) (Con): I congratulate my hon. Friend on securing the debate. Does he agree that one of the key things for lasting peace is business, working together? If we could get the two states to work together in business, there is nothing that the Israelis would like more. Hamas and terrorists filled a vacuum in Gaza. However, I visited Ramallah and the new Palestinian city of Rawabi, and there is a fantastic opportunity for two peoples to come together—the next generation of Palestinians and Israelis, working together in peace and harmony through business and international development.

Guto Bebb: I agree entirely. That emerging city is indeed a testament to the development of the west bank. I agree that the prosperity and viability of the west bank is crucial to any move towards peace.

Prime Minister Netanyahu is subject to regular criticism, which ignores three important points. The first is that peace in the middle east has always come from the initiatives of the right in Israeli politics. That might not be something that some hon. Members in this Chamber would appreciate, but, in truth, the 1979 agreement with Egypt was the result of the efforts of Prime Minister Begin, and the 1994 agreement with Jordan that has been mentioned came from the leadership of the right. It is important to bear in mind that if the right in Israeli politics is moving towards peace, that offers the opportunity for a unified approach.

In the same way, comments about the Prime Minister of Israel ignore his words. Time and again he has made it clear that he is ready to negotiate anywhere, with anyone. I am not here to defend him; I am trying to offer some balance. In a speech in 2009, he said clearly:

> "I appeal to the leaders of the Arab countries and say: Let us talk about peace. Let us make peace. I am willing to meet at any time, at any place".

He followed those comments in 2011:

> "Let's meet here today in the United Nations. We have to stop negotiating about the negotiations. Let's just get on with it. Let's negotiate peace."

Those are not the words, in my view, of a Prime Minister who is unwilling to talk about peace.

Andrew Percy (Brigg and Goole) (Con): I congratulate my hon. Friend on securing the debate, because, like him, I was extremely concerned about the words of the Foreign Secretary, where the emphasis seemed to be very much on Israel. I want to add another quotation from Mr Netanyahu:

> "Israel will not be the last state to welcome a Palestinian state into the United Nations. We will be the first."

My hon. Friend is right to emphasise the point that Netanyahu is expending considerable political capital on the issue. Far from being the ogre and pariah that he is made out to be, he has committed himself time and again to peace and negotiations.

Guto Bebb: Again, the record, but, unfortunately, not necessarily the media in this country, would support that view.

More important than words are actions, and in 2009-10 there was a freeze on all settlement activity. For a right-wing politician in Israel that is a brave move. The 10-month freeze was met with nine months of no activity by the Palestinians—another missed opportunity.

Paul Flynn: Will the hon. Gentleman give way?

Guto Bebb: I will take a final intervention.

Paul Flynn: We all condemn the incessant use of rockets by Hezbollah and Hamas, but is there not another danger, given what is happening in Tehran, with the explosions, assassination of scientists and cyber-attacks, that we are in a perilous situation that could lead to war? I believe that the hand of other countries can be seen in what is happening in Tehran, and that is likely to provoke it into a shooting war.

Guto Bebb: I am sure that all Members of the House agree that the situation in Iran is dangerous and are concerned about that regime having access to nuclear weapons. Again, negotiation would be a much better option than direct action, and I am sure all hon. Members would agree on that too.

The final point that I wanted to make about the Prime Minister of Israel is that in September 2011 he fully accepted the Quartet initiative, which was the basis on which negotiations could restart. Again the response of the Palestinian Authority has been to obstruct the process and provide the Quartet with evidence without consultation with Israel. The whole point of the Quartet initiative was to ensure that proposals would go forward in tandem with Israel and the Palestinians. That did not happen. Time and again Israel has made generous offers, which have been rejected. That is not to say that it should not continue to make generous offers. It is simply to say that the exhortations to Israel to make the next move ignore the reality of the past 10 years.

The context of the statement to the House was the near euphoria in this country about the changes in many parts of the Arab world, which have been welcomed on both sides of the House. We welcome changes and moves towards democracy in Egypt. There has been a brave effort in Syria to deal with a regime that has been, to say the least, unkind to its people. There is successful democracy in Tunisia, and we all welcome those changes. However, it is crucial to put them in the context of how they appear to someone living in an Israeli state where the borders suddenly look extremely vulnerable for perhaps the first time in 30 years. Israel's land border with Egypt has been a solid part of its security for the past 30 years, but suddenly there is a question as to where it is going. Syria has never been a friend of Israel, and no one in the Chamber would claim that it was; however, the border between them has been stable for a generation. Discontent is clearly being shown in Jordan, and that border too has been a successful part of the peace process in Israel. Israel seems to be threatened by change on all sides. Finally, the malign influence of the Iranian regime is present in both southern Lebanon and the Gaza strip. That, again, is part of the context that was missing from the statement.

I have three or four questions, and I would appreciate it if the Minister could respond to them. First, why did the statement ignore the efforts made by Israel over the past 10 years? That is a reasonable question. Secondly, why did the statement almost fully argue that the expectation was that Israel should make the next move? Israel certainly has to make a move, but to say that the onus is entirely on Israel's shoulders was questionable. Thirdly, why was no equal and corresponding demand made of the Palestinian Authority to show a degree of flexibility? Finally, why did the statement ignore the context? As I said, although we welcome the changes, we must acknowledge that they look threatening to a state of 7 million people surrounded by potentially hostile neighbours.

The Israeli Government have shown a willingness to engage. I believe that the only way forward is a two-state solution, which will happen only through negotiation. The British Government, with our experience in Northern Ireland, can contribute positively to that debate, but the debate needs a balanced approach and balanced language.

11.20 am

The Minister for Europe (Mr David Lidington): First, I congratulate my hon. Friend the Member for Aberconwy (Guto Bebb) on securing this debate. The attendance of a large number of my right hon. and hon. Friends and hon. Members from other parties at this 30-minute debate indicates the importance that the House attaches to both the bilateral relationship between the United Kingdom and Israel and to the wider issues concerning the middle east peace process, to which my hon. Friend the Member for Aberconwy alluded in his opening speech.

I want to make it clear at the start that the Government see Israel as a key ally and friend of the UK. That does not mean that we agree on everything—we do not hesitate to express our disagreements with Israel where we feel that to be necessary, and successive Israeli Governments have done exactly the same with successive Governments here in London. We enjoy a close and productive relationship with the Israeli Government, and that very relationship allows us to have the candid discussions that are often necessary between friends.

As a number of hon. Members have said, the potential for collaboration between the United Kingdom and Israel is enormous. Our partnership in the high-tech industry could become one of the drivers of Britain's economic growth. There is a long way to go before we get to that point—America still remains the first thought for an Israeli entrepreneur thinking about international co-operation—but we need to change that mindset, and we have taken some important steps this year towards that goal.

First, in October, during a visit to Israel, my right hon. Friend the Chancellor of the Exchequer launched a Britain-Israel high-tech hub. It is a new team, based in our embassy in Tel Aviv, tasked with promoting the high-tech partnership, with staff drawn entirely from the high-tech sector. Its job will be to help find partners for Israeli companies, bring the best of Israeli innovation to British companies and help our two economies to exploit each other's potential.

Secondly, also in October, my right hon. Friend the Minister for Universities and Science went to Israel, too, with a high-powered delegation from our digital industries. We intend to continue the exchange of delegations from across the high-tech sector in the coming year.

Finally, regarding political initiatives, my right hon. Friend the Prime Minister and Israeli Prime Minister Netanyahu have agreed to launch a UK-Israel high-tech council. It will meet twice a year, once in the UK and once in Israel, to make sure that our strategy is right.

I could point to other examples of increased co-operation between our two countries. For example, in science and innovation, a major conference on regenerative medicine took place in November. Another example is education, where we are planning a campaign to ensure that the United Kingdom resumes its place as the destination of choice for Israeli students. A third example is cultural co-operation, where the work of the British Council and bilateral exchanges between Israel and the United Kingdom are helping to bring about a greater understanding of the culture of our two countries.

Paul Flynn: The political editor of *The Daily Telegraph* has alleged that a meeting that took place in February this year between the previous Defence Secretary, Adam Werritty and others was attended by Mossad. As the report that we have on the matter decided that that was a private meeting, is it not time that we looked at the policy followed by Mr Adam Werritty as possibly something

[Paul Flynn]

that would lead to a conflict with Iran and had a legitimate report into the Adam Werritty-former Defence Secretary affair, because the only enforcer of the ministerial code is Philip Mawer—

Mr Peter Bone (in the Chair): Order. I am afraid that that is far too long for an intervention.

Mr Lidington: I think that it was an ingenious attempt by the hon. Gentleman to import some completely irrelevant material into a debate about an important subject. There has been a full report by the Cabinet Secretary and numerous parliamentary questions from the hon. Gentleman and others. I do not propose to go beyond the responses provided in those documents this morning. I shall move on to the middle east peace process, which was the subject of a large part of the opening speech of my hon. Friend the Member for Aberconwy.

Mr Offord: Will the Minister give way?

Mr Lidington: I have five minutes to speak, and I want to try to reply to what has been said. I hope that my hon. Friend will forgive me.

The events in the Arab world this year reinforce the urgent need to make progress on the middle east peace process. We are clear that a solution cannot be imposed from outside. We believe that both parties—I emphasise that—need to redouble their efforts to break the impasse and resume negotiations on a two-state solution to the Israeli-Palestinian conflict before the window to such a solution closes. Neither side can afford to let the opportunity for peace slip further from its grasp. A successful outcome will require good will and a willingness to compromise from both sides.

To respond to an intervention by, I think, my hon. Friend the Member for Hertsmere (Mr Clappison), if Hamas is to be regarded as a player in the peace process, it needs to show that it is genuine about making concrete progress towards accepting the Quartet conditions, which will form the basis of any enduring peaceful settlement.

We have been clear in our call for negotiations on a two-state solution without delay and without preconditions, based on the timetable set out in the Quartet statement of 23 September. In our view, the parameters for a Palestinian state are those affirmed by the European Union as a whole—borders based on 1967 lines, with equivalent land swaps; a just, fair and realistic solution for refugees; and agreement on Jerusalem as the future capital of both states.

It is clear from what I have said about land swaps that we expect—I think that both parties do—the final status of settlements to be addressed in negotiations. I believe that Israel's announcement last month that it would accelerate the construction of a further 2,000 settlement housing units was wrong and deeply counter-productive. That was the eighth announcement of settlement expansion in six months, and there have been further such announcements since.

Settlements not only are illegal under international law and in direct contravention of Israel's road map commitments, but more practically, represent an attempt to create facts on the ground, which will make a two-state solution, with Jerusalem as a shared capital, even harder to achieve. We have called on Israel to reverse its plans to accelerate settlement construction, and we are clear that we believe that all settlement activity, including in east Jerusalem, should cease immediately.

We were concerned by the Israeli Government's decision to withhold tax revenues to the Palestinian Authority, which we believe was provocative and against Israel's own interests, because it had direct implications for the Palestinian Authority's ability to maintain effective security in the west bank. My right hon. Friend the Foreign Secretary made clear our view on 3 November, and we welcome the fact that Israel has subsequently released the funds. We urge the Israeli Government to maintain a predictable and regular transfer of such revenues.

I do not propose to go into detail about our approach to the Palestinian application to the United Nations; the Foreign Secretary has spoken about that before. There is no time to waste in making progress towards peace. Successful negotiations are the best way to give the Israeli people the long-term security that they yearn for and deserve, and the Palestinian people the state to which they are entitled. Doing nothing is not an option, and the Government remain committed to working with the Palestinians, the Israeli Government and other international partners to make progress towards a negotiated agreement. We will continue to develop our bilateral partnership with Israel, while not ceasing in our efforts to support both parties in finding a long-term and sustainable solution to the broader Israeli-Palestinian conflict, which has dragged on for too long.

11.30 am

Sitting suspended.

Dyslexia

[MR MIKE WEIR *in the Chair*]

2.30 pm

Kelvin Hopkins (Luton North) (Lab): It is a pleasure to serve under your chairmanship, Mr Weir, possibly for the first time. Forgive me if I am wrong.

This debate on dyslexia was initiated following a meeting of the all-party parliamentary group on dyslexia and specific learning difficulties, which raised three particular concerns: first, the changes to the examination access arrangements issued by the Joint Council for Qualifications; secondly, the Green Paper—I will not read out its title—of which we are aware; and thirdly, the continued need to include in initial teacher training the teaching of children with dyslexia.

I am pleased to lead the debate. Dyslexia is an important subject and is of concern to millions of our fellow citizens and constituents. Astonishingly, one in 10 of the population experiences dyslexia to some degree. The condition stays with people for life. Some people can accommodate it to an extent on occasions; others find that more difficult. Like colour blindness, it is a condition that is hidden and sometimes not even recognised. I am sure we all have friends, relatives and certainly many constituents who are dyslexic. The lives of millions of adults have been affected by dyslexia.

Even now, many people live with their dyslexia unrecognised, particularly those of my generation. I suspect I am the oldest person in the room. In my day, it was a strange word; nobody in my experience knew the word dyslexia. There were no doubt children in classes when I was at school who were constantly punished and treated rather cruelly sometimes because they could not spell or read. There was no understanding that they had an inherent difficulty or disability.

Dyslexia affects people across the ability range; it is not limited to people with learning difficulties. Many famous and celebrated people suffer from dyslexia, and it can affect people who are highly intelligent. I give as an example one of my relatives. He failed the 11-plus, essentially because he was dyslexic, yet he finished up studying physics at Imperial college later in life. He is clearly a man of considerable intelligence who could not pass the 11-plus because he was dyslexic. Our concern today is that teachers often lack the skills to identify and support dyslexic children, who need to be diagnosed and given extra support.

As a member of the all-party group, I was pleased when my right hon. Friend the Member for Morley and Outwood (Ed Balls), Secretary of State for Children, Schools and Families in the previous Parliament and now shadow Chancellor, commissioned a report on education and dyslexia, which became the Rose review. Rose recommended that initial teacher training should include dyslexia and special learning difficulties. However, currently there is no mandatory level of dyslexia training that must be provided in initial teacher training courses.

It is of great concern that little action has so far been taken to implement fully the recommendations of the Rose report. Indeed, the situation is worse, in that thousands of academically gifted teenagers with conditions such as dyslexia have lost the right to extra and other help in A-level and GCSE papers, under a crackdown by exam bodies introduced by the Joint Council for Qualifications.

Graham Stringer (Blackley and Broughton) (Lab): Has my hon. Friend read the report of the Science and Technology Committee on literacy interventions from two years ago? If he has not, I will quickly read two quotes from it:

> "The Rose report's definition of dyslexia is exceedingly broad and says that dyslexia is a continuum with no clear cut-off points. The definition is so broad and blurred at the edges that it is difficult to see how it could be useful in any diagnostic sense.
>
> The Government's focus on dyslexia, from a policy perspective, was led by pressure from the dyslexia lobby rather than the evidence, which is clear that educational interventions are the same for all poor readers, whether they have been diagnosed with dyslexia or not."

Will my hon. Friend take a look at that report? I am sure it would help him in his work on the Committee.

Kelvin Hopkins: I thank my hon. Friend for his helpful intervention. We are aware that there is an enormously broad spectrum, from slight spelling difficulties to almost an inability to read. At the same time, there is a definite difference between those who have a degree of dyslexia and those who just have difficulty learning to read, perhaps because they are educationally challenged. Clearly, we need rigorous teaching of reading. In a completely separate context, I am strongly in favour of more rigour in the way we teach young people to read and to learn mathematics and other subjects. I take note of what my hon. Friend said. No doubt the Minister and my hon. Friend the Member for Washington and Sunderland West (Mrs Hodgson) will also respond to his points.

The JCQ rules clearly discriminate in that the measurement scores they use affect some youngsters and not others; some are excluded from help and others get help, because of an arbitrary decision by the JCQ on what their needs are. Complaints have been made about that by parents and teachers across the country, including Helen Wright, president of the Girls' Schools Association, who said that a number of sixth-formers, without being given extra time for exams or other help, would

> "definitely fail, and unfairly so".

There are those who will suffer from the application of the rules who would otherwise do better. I hope the Minister will respond and give further consideration to the question of the arbitrary cut-off point.

Many thousands of children across the whole ability range are not getting the help they need, and are not even being diagnosed, because of the lack of specific training for teachers. There are no doubt some who, even today, do not recognise dyslexia, thinking it is just about youngsters who are not very good at reading, and do not recognise it as a specific and identifiable problem for some people. The problems experienced by those youngsters are distressing for them but they are also damaging to the economy and society as a whole. Clearly if youngsters are becoming disillusioned with education because of their dyslexia difficulties they drop out of school, education or training or have difficulty with apprenticeships and so on. That is damaging not just to their lives but to the economy and society in general. Help for dyslexics to succeed in education at

[Kelvin Hopkins]

whatever level is a matter, therefore, for national concern and Government action. The Rose review should be implemented in full and the JCQ rules withdrawn.

Although I am not dyslexic, I have taken a particular interest in the phenomenon. I know that it is not easily overcome, but a variety of coping strategies can be enormously beneficial. The academically gifted can perhaps apply those more readily, but there are millions for whom it is more of a struggle. I was recently approached by a group of Labour councillors from Thanet, not because I am their Member of Parliament, but because I happen to be a Labour member of the all-party group on dyslexia. They gave me some interesting statistics from their area. They are concerned that youngsters from the most deprived areas of the constituency were not getting the help they needed and were falling further behind, exaggerating the educational gulf between their achievement levels and others, even those who might have dyslexia. They want the Rose recommendations implemented as a matter of urgency to address those problems.

The Rose review proposed among other things the training of 4,000 specialist teachers in dyslexia over a two-year period. That is quite a tall order, but that is what he recommended. If we are going to approach and attack the problem seriously, we need to follow that recommendation. Other recommendations were to boost early identification from year 1 and effective intervention for pupils with dyslexic difficulties, to make provision for dyslexia-awareness training for existing teachers, to put more special educational needs training into initial teacher training courses and to acknowledge the need for specialist teachers and one-to-one interventions for severely dyslexic pupils. The review also recommended that schools build a positive dialogue with parents and provide them with relevant information, and provide support for children with dyslexia on transfer to secondary school, and that there should be continuing helpline advice for parents and teachers.

Dyslexic children have just as much right as any other child to be educated by teachers who understand them and their condition. We have made enormous progress in recognising dyslexia since the dark days of my childhood, but we must now demand the necessary support and resources for our dyslexic children, and only the Government can provide them.

2.40 pm

Mrs Sharon Hodgson (Washington and Sunderland West) (Lab): It is a pleasure to serve under your chairmanship, Mr Weir. I fear that the vote in the House has caused disruption for many people who intended to be in this debate, but what we lack in quantity we will make up for between us in quality.

I thank my hon. Friend the Member for Luton North (Kelvin Hopkins) for securing this timely debate. As he said, I was at the meeting of the all-party group on dyslexia and specific learning difficulties at which he resolved to apply for this debate. His success in doing so gives us a great opportunity to take forward the discussion we were having in that meeting, along with the hon. Member for Bridgwater and West Somerset (Mr Liddell-Grainger), the noble Lords Addington and Clement-Jones and representatives from the main dyslexia organisations. We will continue that debate here today, and I hope we will receive responses from the Minister to some of our concerns.

I want to record my thanks to the Dyslexia-SpLD Trust, Dyslexia Action, the British Dyslexia Association and Patoss for not just the excellent briefings they provided in advance of the debate but for the work they do day in and day out to unlock the world of words for dyslexic people, particularly children and young adults. My hon. Friend the Member for Luton North gave an excellent speech, which drew on the many concerns that those organisations have raised with us about the current direction of travel in the education system—concerns shared by anyone with an interest in helping young people with special educational needs get the most from life.

My hon. Friend the Member for Blackley and Broughton (Graham Stringer) commented on the thinking that dyslexia, rather than being a disability, is to do with a very wide reading ability spectrum, along which most of society would fall. He knows that I disagree with him on that point. There is a huge amount of evidence that proves that dyslexia is a very real and significant disability, especially at the extreme end of the spectrum where it goes way beyond a problem with learning to read and affects memory and organisational ability.

Kelvin Hopkins: I am sure that we have all come across friends and relatives who have slight spelling disabilities, particularly with unusual names and foreign words. At that end of the spectrum, we are not talking about an inability to read. I am sure that my hon. Friend agrees that there is a difference between those of us who fairly quickly pick up names and foreign words and those who do not, and that is, I believe, the thin end of the dyslexia wedge.

Mrs Hodgson: I agree. My son is severely dyslexic, and it affects not just his spelling and writing capability. Dyslexics are often much slower in learning to speak, and when my son was younger the condition affected his speech. He was three before he first said a word that was understandable to others—I could understand his grunts and moans a bit earlier. He has very bad memory problems and organisational ability; dyslexia really does affect a large part of his life. My daughter has been a bad speller most of her life—she is 16 now and her spelling is getting a bit better—but in no way would I say that she has dyslexia as I know it. They do say, however, that the condition runs in families, so she might fall somewhere on the spectrum if she was ever tested.

Graham Stringer: I follow the people who do not take my hon. Friend's view, such as Diane McGuiness and other academics who gave evidence to the Science and Technology Committee, but I was not trying to make the point that there is no complete scientific agreement that dyslexia exists. I was saying that having carefully considered the definition and how it was applied, the Committee came to the conclusion, which I will repeat, that the

"definition is so broad and blurred at the edges that it is difficult to see how it could be useful in any diagnostic sense."

The Committee was concerned that because of the use of the term, people who had difficulties learning to read and who were not diagnosed were being discriminated against.

Mrs Hodgson: Obviously, I am not an expert in the diagnosis of dyslexia, but there are people who are, and when they do the various tests what comes out is something called a spiky chart. Where there is a huge disparity between performance in non-verbal reasoning and other tests of intelligence on the one hand and reading and writing ability on the other, it becomes very obvious that someone is dyslexic. If someone has not very good reading skills but equally does not have high levels of intelligence, they have a flatter profile. Perhaps at the lower edge of the spectrum, as my hon. Friend the Member for Luton North has said—this is getting into a very technical conversation—diagnosis might be difficult and there might be blurred edges, but as we progress along the spectrum I do not think that the edges are blurred. Again, however, I am not an expert.

Kelvin Hopkins: My hon. Friend touched on dyslexia being an inherited characteristic, and I am sure that we all know families in which a parent is dyslexic and one or more of their children is. Two male friends of mine who are graduates have three children each, and dyslexia has affected only one child in each family, with that child having a serious spelling disability. All six children went to university and graduated.

Mrs Hodgson: The chair of our all-party group, the hon. Member for Bridgwater and West Somerset, is dyslexic, and I believe that his two sons are also. Yes, it is a trait that runs in families, and that is recognised.

Most Members here today know of my personal interest in this issue, as a mother of a severely dyslexic son. My son was unfortunately not diagnosed or helped anywhere near soon enough. The Minister also knows very well most of the concerns that have been raised today, because we have already had debates on the matter and have been in correspondence recently. I thank her for her comprehensive response to my first letter, and I look forward to her response to my reply, which she might preview today.

I wrote that first letter because I had started to see how various changes in education policy could, when taken together, start to put children with certain special educational needs at a disadvantage, and I used dyslexia to illustrate my point because that was the SEN I had personal experience of and knew best—I could see how the changes would have affected my son if he had been coming up to the start of key stage 4 now. I have no doubt that the potential effect is not desired at all by the Minister or her officials, and that it is one of those unintended consequences that we sometimes do not see unless we are looking at something from the outside, or until the effect has begun to manifest itself in statistics.

There are a number of issues on which I will touch briefly. My hon. Friend has mentioned many of them already. It is best in most narratives to start at the beginning, and in this case the beginning is initial teacher training. Without teachers in our classrooms who can spot the signs of dyslexia and teach in a way that does not alienate dyslexic children, we will continue to fail those children. I know from bitter experience that many teachers have a woefully inadequate knowledge of dyslexia. It was not until my son was nine that he came across a teacher who could spot what I now understand were glaringly obvious signs, and even then, that was probably because her own son had dyslexia as well, as I later found out. Too many children in their early years of school life are going through the motions without being noticed and supported. Like other communication difficulties, that can manifest itself in significant problems further down the line such as rebellious behaviour, depression or, as we find in our prisons and young offender institutions, criminality, which often starts as youth disorder.

The answer, in one word, is training. I understand that a module on dyslexia that has the backing of the sector has been prepared and is ready for incorporation in initial teacher training, but the Minister also indicated in her letter to me that the Department has commissioned new materials on specific learning difficulties, which will be available online in the spring. Will those materials form a mandatory part of the initial teacher training course, and will she consider the sector's calls to incorporate the existing module from 2005 as a minimum requirement? She might be aware that the British Dyslexia Association has an online petition calling for the 2005 module to be used for teacher training; I think the BDA is seeking 100,000 signatures.

Kelvin Hopkins: My hon. Friend mentioned people in prison and people with personal difficulties in life. I am sure that she, like me, has come across youngsters with behavioural problems at school that can be traced back to self-esteem problems due to difficulties with spelling, which in their case is dyslexia. That stress can be relieved early on by saying, "You have a condition that we can help you to cope with. It is not something you should be ashamed of or behave badly over; it is something that we can help with and that many other people experience." If we can convey that to young people, we can probably avoid a lot of the problems in life that many of them suffer.

Mrs Hodgson: My hon. Friend makes a good point. Early identification is vital. The earlier we can identify all special educational needs, not just dyslexia, the better, but we find that speech, language and communication disorders such as dyslexia often have the biggest effect on children's self-esteem, and can often lead to problems such as youth disorder further down the line. The number of people in prison with speech, language and communication difficulties and dyslexia is anywhere from 60% to 80%. The noble Lord Ramsbotham is knowledgeable about the issue and speaks about it a lot. Much of the problem could be failure to diagnose special educational needs in our schools. We must ensure that children with a label get the right label, whether it involves dyslexia, behavioural problems, autism or whatever, rather than "naughty", "lazy" or "disruptive".

Kelvin Hopkins: To refer to my childhood, which was a long time ago, teachers regularly used to beat us on the back of the hand with rulers in those days. I was not beaten, because I was not dyslexic and was good at sums, but lots of my classmates were, simply because they had those sorts of problem.

Mrs Hodgson: That is a world we never want to go back to. Thankfully, that does not happen in our classrooms now, but what happens is that codes of conduct are given out. I saw it with my own son. He did not write down enough work from the board, so he came home with various punishments. The code of conduct was writing out the school rules. I got off the train from London one evening and walked into the house at 11 o'clock to find him still at the kitchen table writing out his punishment, the school rules. The punishment was given because the teacher thought he had not done enough work.

My son was 14 and had started at a new secondary school when we moved. I insisted that all the teachers at least knew that he was dyslexic. I was not asking for special treatment, just that they knew he was severely dyslexic and was statemented. I was assured that they would all be told. As I walked in and saw the punishment, I thought, "Either this is a very evil teacher, or he doesn't realise my son is severely dyslexic." I wrote a note to the teacher saying, "This is as far as my son got. I am stopping this punishment now. He is not going to do any more of these punishments. They must be proportionate to his ability." It was like a child who came last in a sprint being forced to run a marathon. That was the equivalent of the punishment that he had been given.

A note came back the next day: "Very sorry, Mrs Hodgson, we had no idea your child was dyslexic." That was unbelievable on many levels. The school was supposed to have told all his teachers that he had dyslexia, and it was obvious to anybody who knows anything about the condition that my son is dyslexic. That had not been picked up in him—a child in a new school. What if he had not been diagnosed in a previous school? At any stage in a child's journey through school, teachers should be able to diagnose such disorders.

I know that we have plenty of time, but I will go back to the substance of my speech. The latest issue to present itself is the phonics screening that will now be required during children's first years at school. I was more than a little annoyed to see in a departmental press release over the weekend that the Minister's colleague, the Minister of State, Department for Education, the hon. Member for Bognor Regis and Littlehampton (Mr Gibb), referred to the fact that one in 10 11-year-olds could read no better than a seven-year-old as evidence that his favoured phonics scheme is needed, without mentioning that one in 10 11-year-olds have dyslexia.

Strangely, the same press release did not mention that two thirds of teachers who took part in the pilot disagreed that the check accurately assessed the decoding ability of pupils with special educational needs. That is why there are so many concerns about complete reliance on phonics as both a measure of ability and a teaching method. It is also crucial that children who fail the phonics test, as a dyslexic child almost certainly will, are not made to feel as though they have failed—although the test can be good, from the point of view that it identifies them. Appropriate remedial action, including testing for dyslexia, should be taken in a timely manner.

That brings me to the Government's plans for the future of SEN provision, and the ability of those who will be expected to deliver it to do so. The Minister knows that I welcomed the Green Paper as a means of opening debate on SEN provision, and that I look forward to seeing the results of the consultation, as I know we all do. However, the concern throughout the sector is that young people with non-medical problems such as dyslexia might not warrant support when school action and school action plus are abolished, as very few dyslexic children are currently statemented. I sincerely hope that that will not be the case. I will welcome any assurance that the Minister can give us.

We then come to how support will be provided if a dyslexic pupil is deemed to need it. Local authority budgets are being stretched to breaking point right now. The proliferation of the academies and free schools desired by the Secretary of State will mean that few funds will be held centrally with which to sustain shared support services. I know that I have asked the Minister this before, but I hope that she will guarantee today that support for dyslexic students will not get worse before it gets better due to the austerity programme being imposed on local authorities, and that when the new system is fully up and running, the money will be there to back it.

I move to the end of students' time in school. The Minister will know that I have concerns about the key stage 4 curriculum and examinations. I will not labour the point about the E-bac, but needless to say, it has been installed as the gold standard set of qualifications, despite the fact that it will exclude almost all young people with dyslexia, as they are usually not taught foreign languages, whether modern or ancient, for obvious reasons. On assessment, Ofqual confirmed in a press release today that it is implementing the changes to GCSEs that the Government told it to make—scrapping modular examinations, which allow students to break up their learning into more manageable chunks and sit exams as they go along, when the subject is fresh in their minds. Instead, from next year, students will be required to learn for two years—a bit like when we sat our O-levels—and commit all of that learning to paper in one go. That intensity will pose a challenge for many children with SEN, but especially dyslexics, given the memory problems I mentioned.

The support that young people with dyslexia need to be able even to sit their exams, let alone do well in them, is also under threat. The Minister will, I hope, have seen my latest letter to her in which I drew her attention to an article by Jack Grimston in *The Sunday Times* on 20 November. He reports the concerns that school teachers have over the changes that the Joint Council for Qualifications has made to eligibility for access arrangements in examinations, which my hon. Friend the Member for Luton North highlighted.

The changes will prevent bright pupils with dyslexia from getting extra time or a reader and a scribe in exams to mitigate their limited reading and writing abilities, which gives them a level playing field with their non-dyslexic peers. That will have a detrimental effect on the qualifications that they will be able to achieve. There are many bright pupils with dyslexia, as we have heard today, some of whom go on to doctorates in physics. They say that Einstein was dyslexic, and I could list many other examples.

In a timed exam, the most intelligent young person is only ever as good as their ability to read the questions set and transfer the answers from their minds to the paper, which is why the most severely dyslexic pupil is given a reader and a scribe. In making the changes, the JCQ is limiting what intelligent dyslexics can achieve,

and from my conversations with the sector, it appears to have done so without any consultation. I urge the Minister to look into the matter and intervene where necessary to ensure that such young people are not held back by their disability.

Finally, I understand from today's Ofqual announcement that once the exams have been sat, dyslexics will be at a disadvantage yet again during marking, because the proportion of marks for spelling, punctuation and grammar in certain subjects is being increased following interventions from the Secretary of State. Even if a dyslexic pupil gets a reader and a scribe, whose spelling is the examiner marking?

Kelvin Hopkins: I am sorry to intervene once again on my hon. Friend's excellent speech. The points she raises suggest that dyslexic pupils should be identified and the fact that a pupil is dyslexic recorded on the examination paper, so that allowances are made. I heard only today of a young woman who is highly intelligent in conversation and can come top of her class in most things, but has difficulty with writing due to her dyslexia. Every time she is tested orally, she does brilliantly, but when she is tested in writing, she has more difficulty.

Mrs Hodgson: I hope that the Minister will take up those other concerns with the JCQ and that compensations can be made in marking. We do not ask for favourable treatment for dyslexics, but for their disability to be recognised and accommodations made, so that there is a level playing field.

I have not set out to make political points today because the debate has been well informed and constructive, and I know that supporting young people with dyslexia is important to Members on both sides of both Houses. I sincerely hope that the Minister will commit to returning with her officials to look at the specific concerns raised today, and that she will take any necessary steps to mitigate, or indeed undo, the impact of what are the, I hope, unintended consequences that the various reforms and changes may have on the education and life chances of the estimated 750,000 young people in our schools and colleges who have dyslexia.

Several hon. Members *rose—*

Mr Mike Weir (in the Chair): Order. Although we are into the winding-up speeches and it is rather unusual, if neither of the Front-Bench spokeswomen object, I will allow a contribution from Miss Mordaunt.

3.4 pm

Penny Mordaunt (Portsmouth North) (Con): Thank you, Mr Weir. I congratulate the hon. Member for Luton North (Kelvin Hopkins) on securing this important debate. I have a ten-minute rule Bill, which is barely alive, on special educational needs, with particular focus on dyslexia and pragmatic language disorders. I thank both Front-Bench spokeswomen for allowing me to say a few words. I apologise for being late; I have been in a Committee.

My Bill was motivated by the enormous amount of casework in my constituency. There are very sad cases of extremely large numbers of children who have low to medium educational needs that are not being met by the local authority. I was dealing with about 30 cases, including a young lad with a very mild disability; he has had no assessment yet, so no one really knows what his needs are. He is supposed to be taking his GCSE options next year, but he has never been to a secondary school because a suitable place is not on offer. People do not understand what his issues are and there is no funding for a travel grant, which might open up some options for him. There are large numbers of extreme cases.

My Bill suggests that, common to all the cases I am dealing with, a wider burden of proof for parents to be able to demonstrate that their child has SEN would be extremely helpful. The old statement route catered for people with medium to high need, but did not help to provide leverage for parents whose children had lesser needs. In one case, a young girl with a reading age four years below her age was not considered to be significantly falling behind. If parents have paid for, or got a charity to make, an independent assessment from a qualified assessor, that should be enough to require the local authority to take action.

Teacher training has been mentioned, but training for those in local education authorities is also important. Part of our frustration in getting cases resolved was due to people not understanding what CReSTeD—Council for the Registration of Schools Teaching Dyslexic Pupils—accreditation was, or what the different levels meant for a particular individual. We were not really dealing with educationalists, which was partly due to staffing problems at the local education authority, so I echo the comments of the hon. Member for Washington and Sunderland West (Mrs Hodgson). Training should be extended to the LEA.

The local education authority should already be required to publish what provision is available in its area, but many do not, yet such a requirement would help parents tremendously. When the LEA has decided that a need will be catered for under school action plus, it should send the parents a quality letter, not simply one that tells them that the need will be covered in school action plus, so they should not worry. They should get detailed information about what that will mean for their child week by week.

Kelvin Hopkins: I congratulate the hon. Lady on her ten-minute rule Bill. I hope that it moves to the next stage and influences Government. She said that she wanted detailed letters from the local authority, which not only say, "Your child is falling behind and has a problem", but identify the problem. There is sometimes an overlap between dyslexia, dyspraxia, low academic ability and other conditions that can confuse the diagnosis, but the local education authority should be able to define dyslexia when it writes the letters.

Penny Mordaunt: The hon. Gentleman is absolutely right. Getting an assessment to start with is a battle for parents, and then they must have confidence in it and in the remedial action that should be taken. Many parents I have been dealing with have not had satisfaction on any of those fronts.

I would be grateful if the Minister could say more about the statutory responsibilities of the Department for Education and the discussions she may have had with the Department of Health. We need to strengthen

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the tools available to parents and other advocates for these children. My constituents certainly believe that they pay their taxes to ensure that the education system we provide gives every child the education they need to reach their full potential.

One of my final points relates to costs. Where we have not been able to get a school place for some of the children in my constituency, we have actually funded placements for them, and I should like to place on record my thanks to a number of London livery companies and local Rotarians for providing funds to allow that to happen. In just one year, the girl I mentioned at the start, who was four years behind her expected reading age, has caught up. She is a bright girl, and having been given the proper, full-time dyslexia teaching that she needed, she is now doing really well.

An argument that is often thrown back at us is that providing all the top-notch SEN provision that children need costs too much and that the state cannot possibly afford it, but that is a bit of a myth. The placement that we have funded for the child I mentioned cost less than the provision that the local authority would have had to put in place in the school that it chose for her. It is possible to do these things, and they will often save the state money not only initially, but, as has been mentioned, in the long term, given all the problems and issues that people have if they do not get the help that they need.

Mrs Hodgson: The hon. Lady is making some important points, and she makes a good point about spending money wisely. Research has been done—I do not have it in front of me, but that is not necessary to make my point—showing that an hour with a specialist dyslexia teacher is worth more than 50 hours with a well-meaning teaching assistant who is not able to give the specific support that a child needs. I might have the ratio wrong, but it is in that realm.

Penny Mordaunt: That is absolutely right.

To carry on using the example of the girl I mentioned—I have said this to the Minister before—the problem was not so much that the local authority could not be bothered to find her a suitable place as that the restrictions on how it could use its funding meant that it could not fund some of the obvious solutions. Will the Minister therefore say something about how she might reform the rules governing how local authorities and schools can spend particular pots of money, to ensure that we use that money in the best and most sensible way to meet people's educational needs, whether they have dyslexia, a pragmatic language disorder or autism? We must ensure that we get every child who needs this provision the help that they need.

3.13 pm

The Minister of State, Department for Education (Sarah Teather): It is a pleasure to serve under your chairmanship again, Mr Weir. It is a Wednesday afternoon; I am here in a debate that you are chairing; and I am very pleased to see you.

I congratulate the hon. Member for Luton North (Kelvin Hopkins) on securing the debate. It was good to see other Members come into the Chamber, although a bit late, because I was anxious that we would not have so many Members contributing. This issue interests Members right across the House, and I am aware of the hon. Gentleman's involvement in the all-party group, whose input and advice I have very much welcomed.

I listened with interest to the rather technical debate between the hon. Members for Washington and Sunderland West (Mrs Hodgson) and for Blackley and Broughton (Graham Stringer). None us is a qualified educational psychologist, and it has certainly been an awfully long time since I did any neurophysiology. The Government take their advice from the best and latest scientific advice available. The Rose report tried to get away from the debate about the exact nature and cause of the difficulties that people face—something that was often distracting for many students—and instead tried to focus on solving the individual child's problems, whatever they might be, as they present in the classroom. With that in mind, I will not get involved in the detail of that debate, because it might be better if it took place somewhere else between expert educational psychologists. Instead, I will deal rather more with service provision.

Dyslexia affects a significant number of pupils. From the school census, we know that 78,000 pupils receive support for a specific learning difficulty, including dyslexia and dyspraxia. They receive that support through school action plus or a statement of SEN educational needs. About 11% of all pupils receive such support. Many others will be supported as part of a personalised approach to teaching in the classroom, as a number of hon. Members mentioned. That will perhaps involve additional help from teachers or teaching assistants.

Dyslexia primarily affects the skills involved in accurate and fluent word spelling and reading, and it can occur across the range of pupils' intellectual abilities. We know from parents and pupils that they are often frustrated with the assumptions made about what they can achieve, and the Opposition spokesperson, the hon. Member for Washington and Sunderland West, referred to the case of her son. Sometimes that can lead to incredible frustration and a stymieing of aspiration in individual students.

For far too long, there has been a real attainment gap between students with dyslexia and their peers. The proportion of pupils with a specific learning difficulty gaining the expected qualifications has more than doubled since 2006, but the gap remains far too large. In 2010, fewer than one in six such pupils, or just under 15%, achieved five GCSEs at grades A* to C, including English and maths, compared with more than half of pupils as whole. The Government are determined to see that change and to improve overall outcomes for pupils with SEN or a disability. Support for pupils with SEN is provided within a statutory framework that has, unfortunately, remained largely unchanged for three decades.

One of the first things that I did when I became a Minister was to begin a review of special educational needs. In March this year, I published our Green Paper, "Support and aspiration: A new approach to special educational needs and disability", which sets out plans fundamentally to reform the special educational needs system. It was a response to a set of core problems that undermined the achievement of too many children and young people, and those problems have been mentioned by a number of hon. Members, including the hon. Member for Portsmouth North (Penny Mordaunt). The

problems include parents having to battle through a confusing and adversarial system to get the support their child needs; SEN statements not joining provision up, with education, health and care often ending up being provided disparately, and families having to go between the three different providers to negotiate their own package of support; children falling between the gaps in services or having to undergo multiple assessments; and paperwork and bureaucracy adding to delays, rather than providing the support that is needed.

Kelvin Hopkins: The Minister is talking about delays. A number of members of my family have been schoolteachers, and getting statements has often been an enormous difficulty. Sometimes, it has taken up to a year before a child who clearly needed to be statemented actually was statemented. The suspicion is that local authorities are trying to delay things to save money. I hope the Minister will take that into account.

Sarah Teather: One thing that we suggested in the Green Paper was speeding up the process, but this is also a question of trying to make clear what the thresholds should be, and I will say a little more about that later.

The other thing that informed the Government's work on the Green Paper was Ofsted's report, which showed that too many children are being over-identified as having SEN. In other words, the wrong children are often labelled as having SEN, and we need to ensure that we put in place the right support for children at the right time.

At the heart of the Government's vision for the reforms is a desire to support better life outcomes for young people, to increase parents' confidence in the system and to transfer powers to the front line and local communities, as we are trying to do across all areas of policy. To achieve those changes, we are introducing a new approach to identifying SEN to challenge the culture of low expectations. There will be a new, single early-years setting and school-based category of SEN.

I heard the concerns of the hon. Member for Washington and Sunderland West, who was worried that it might lead to some young people not getting the support they need, but I should stress that, of course, school action at the moment brings with it no extra funds. School action plus money is provided to schools on the basis of other proxy indicators, rather than the number of children actually in the relevant category in previous years, so it should make no difference to the resources that are allocated. However, it will make it easier for schools to decide how to deal with the young people that they focus on. Many of them say that the existing categories are somewhat bureaucratic. Ofsted has made the point that some children are labelled as having special education needs when really they are just falling behind. That is a rather different debate from the one about specific learning difficulties.

Mrs Hodgson: We are looking for reassurance that when the reason for children falling behind is an underlying special educational need, rather than there being no specific reason, they will still be identified by some marker. They might not need the education, health and care plan, and all that it brings, but the marker would have been school action or school action plus. Will there still be some mechanism to identify those children?

I suppose the reason for giving the relevant marker to children who fall behind might be to try to find out whether there is an underlying reason.

Sarah Teather: When Ofsted reported, a rather heated debate took place between teaching unions and Ofsted, and it shed a lot of heat but not light. Many accusations were thrown from both sides about motives. I do not think that teachers label a child as having special educational needs to get round league tables or for similar reasons. It is human nature, when a problem is seen, to label it. Unfortunately, that labelling was often not followed by action. It is all very well to label a child, but it is purposeless to do so if no action follows. The child then carries a label with them, irrespective of whether it is helpful, and does not get the support needed to enable them to progress. We are trying to get away from the focus on labelling, and instead to adopt an approach in which those concerned look at the child in front of them, and ask what they need. Some of that approach, to be fair, is about good teaching practice, which will deal with many needs.

Kelvin Hopkins: The hon. Lady is right about dealing with individual children. Boys need more pressure and rigour in school, when they are young, than girls do. Girls tend to be more conscientious and are now succeeding in education. In every field and at every level they now beat boys. I agree that we need to consider teaching quality as well, so that youngsters do not fall behind because they are more interested in playing on the computer, or doing something not to do with their studies. Rigour in education is right for all youngsters. However, we also need to take account of those with specific difficulties.

Sarah Teather: All sorts of young people fall behind. The fact that so many young people born in the summer are in the school action category is particularly good evidence that we do not at the moment necessarily label the right children. Other children who may have specific needs go through school without being identified. That is not good enough, because such children do not get the support they need.

The Green Paper made some radical proposals to change the system. As several Members, including the hon. Member for Portsmouth North, said, we have just finished a consultation and will respond to it in the new year. The rest of what I say now on the matter will pick up on what we have already said, rather than announcing what we will do. Hon. Members will have to wait a few weeks, until we have finished crunching through the detail of the consultation. We had an enormous number of responses from parents, charities and teachers. That is very helpful detail and we need to work through it.

As I said during my introduction, many pupils with dyslexia receive most of their support in the classroom through high-quality, personalised teaching. We know from the independent review led by Sir Jim Rose that the early identification of problems and the right teaching support are critical to helping dyslexic pupils achieve. Alongside the special educational needs reforms we are also working with schools to support teachers to identify and respond to pupils with dyslexia. Difficulty with phonics and the ability to identify and manipulate the

[Sarah Teather]

sound of words is central to the challenges that dyslexic pupils face. It is also a critical element for all children learning to read.

We are introducing a new phonics screening check for children in year 1, which should pick up children struggling with early literacy because of dyslexia. I think that the hon. Member for Washington and Sunderland West slightly misunderstood some things about the statement at the weekend by my colleague the schools Minister. When he highlighted the fact that inadequate numbers of young people were passing the screening test at the relevant stage, he was trying to make the point that phonics, as a system for teaching reading, had not properly embedded in teaching at the earliest stages of schooling. He was not labelling half of children as failing. He was recognising how much further we need to go to embed the practice clearly in the way teachers teach the youngest children to read, from the beginning. We know that phonics is particularly helpful for identifying difficulties in children who have dyslexia.

Graham Stringer: The Minister has been speaking an enormous amount of sense, recognising that teaching children to read is one of the most important things that the state does. I think she has recognised that Jim Rose recommended in his report that systematic phonics should be at the heart of good Government strategy for teaching children to read. When the Select Committee on Science and Technology considered the scientific basis for the Government's policy, we found from the written and oral evidence that there was still, in the wave 3 reading recovery programme, a continuing practice of word memorisation and the use of whole language theory. That does exactly the opposite of what the Minister has been saying about recognising phonics and the transferability of the sound and the letter. Has she had a look at what is happening in wave 3 reading recovery?

Sarah Teather: I certainly looked at the reading recovery programme, Every Child a Reader, most of which is based around phonics. There are some other, more flexible, practices. We must recognise that although the evidence suggests that systematic phonics is absolutely the most effective way to teach children to read, some children for various reasons will not respond to that system, and it is important to have some flexibility at the margins to pick up the children who have fallen through the net. However, almost all the programme is still based around systematic phonics.

Kelvin Hopkins: I agree with the Minister and my hon. Friend about phonics for those who do not have the disabilities in question. Two generations of teachers have almost been forbidden phonics in schools. Even in the past year I have come across a teacher working in London who was forbidden to make any reference to phonics in school. We still have a serious problem.

Sarah Teather: To support the teaching of systematic synthetic phonics we are making £3,000 of match funding available to all schools with key stage 1 pupils, for phonics materials and training. I hope that that sort of systematic, structured approach to teaching phonics will help, because we know that it supports pupils' approach to learning to read, particularly for those who are dyslexic.

I want to make some wider comments about support for teachers and work force development, which goes to the heart of our programme on SEN. It begins with the new standards for qualified teacher status, which include a continued focus on meeting the needs of all children, including those with special educational needs or who are disabled. Similarly, as part of the national scholarship programme for teachers, we have a clear focus on supporting teachers to improve and extend their knowledge and expertise when working with pupils with special educational needs and disability, including specific impairments.

It is anticipated that around 50% of those scholarships will be available to support SEND. We have provided funding for up to 9,000 special educational needs co-ordinators to complete the mandatory higher level SENCO award by the end of 2011-12. The Teaching Schools network, which will allow schools to support each other and drive up the quality of teaching, will help to improve the quality of support for pupils with special educational needs or a disability. Of the first 121 designated schools, 113 have been judged as outstanding for the quality of learning and progress of pupils with special educational needs. The new Teaching Schools initiative has real potential to radically improve the quality of peer-to-peer mentoring and support for teachers in relation to SEN.

Penny Mordaunt: On support, one of the other problems that I encountered in Portsmouth was that, where a child had not got a school place and the parents were trying to do their best to teach them at home, they received no support, because if they admitted to the local authority that they were teaching the child at home, they were instantly crossed off the waiting list for a school place. I would be interested to know whether the Minister has any views about how such training and support could be extended to provide parents whose children are at home waiting for a school place with the support and help that they need to ensure that they are not missing out.

Sarah Teather: I cannot comment on a specific case, but perhaps if the hon. Lady drops me a note about the matter, I will have a look at it. In the Green Paper, we indicated that local authorities need to provide support to families who are home schooling a child. They are often doing so because they have been unable to get the support that they need in mainstream settings or perhaps because their local special school did not provide them with the support that they wanted.

I want to say something about Achievement for All because it goes to the heart of some of the issues that we have been discussing about the need for someone to look at the child in front of them and have high aspirations, rather than necessarily think about the labels. The Achievement for All programme has been running in around 450 schools for the past two years, and the evaluation has demonstrated some dramatic results. Under the programme, children made greater progress in English and mathematics than other children with SEND across the country, and they also often exceeded the progress of children without SEND, so there has been a really dramatic improvement.

The independent evaluation, which was carried out by the university of Manchester, demonstrated that pupil attendance significantly improved. That picks up some of the other points that we were discussing a moment ago about additional needs sometimes being confused with SEN. Often the issue is just about getting young people to attend school. For children taking part in the Achievement for All programme, there was an average increase in attendance of just over 10%. The evaluation also found significant improvements in behaviour, including less bullying, stronger relationships between schools and parents and a greater awareness and focus on SEND.

Some of the points that the hon. Member for Portsmouth North discussed in relation to her Bill—parental engagement and the need to communicate better with parents—go partly at the heart of this. One of the key facets of the Achievement for All programme is parental engagement and enabling teachers to feel confident about having a conversation with parents about the progress of their child. The Government are investing £14 million to roll out the programme across the country, so that more children can benefit. The programme is being delivered by a newly formed charity, Achievement for All 3As, chaired by Brian Lamb and supported by PricewaterhouseCoopers. Schools can now see for themselves the evidence that the programme works, and we want more schools to come forward and sign up.

The evaluation highlighted some important lessons in how to improve the outcomes for pupils with SEND. Perhaps most crucially, there needs to be strong leadership from the head teacher and senior leadership team, rather than simply relying on a SENCO to provide leadership within a school, although that is important. Achievement for All 3As is currently engaged with 41 local authorities and 598 schools. We hope and estimate that, overall, 1,000 schools will have signed up to the programme by April next year.

I want to turn to some of the specific concerns, particularly on the Joint Council for Qualifications guidance, expressed by hon. Members. I understand that there has been significant concern following recent coverage about apparent changes to the availability of reasonable adjustments for dyslexic pupils. It is, of course, absolutely vital for the fairness of an exam system that reasonable adjustments are made where needed. We have therefore been in touch with the JCQ about the changes, and it maintains that there has been no change to the circumstances in which a student is entitled to extra time for an exam. What has changed is the type of evidence that is acceptable to demonstrate that such extra time is needed.

The most recent edition of the relevant guidance confirms that a school or college must consider and maintain on record the evidence that the student has been assessed as having a below-average standardised score in an assessment of processing, reading or writing speed. I emphasise that the previous guidance similarly required evidence of low standardised scores using assessments of processing speed, reading or writing. I am afraid that we are picking up differences in practice, not differences in the guidance. Such difficulties have always been the basis on which extra time can be awarded to dyslexic pupils, and difficulties in phonological awareness—understanding and decoding the sounds of words and verbal processing—were two of the characteristics of dyslexia identified by Sir Jim Rose.

I understand that Dyslexia Action has written directly to the JCQ to set out its concerns. It is right that the JCQ and Ofqual, as the independent body overseeing the examinations system, should respond to those and determine whether any further clarification of the arrangements is required. I understand that they will be meeting with dyslexia charities and experts in the new year to explore those differences further. Ofqual has assured me that pupils already granted extra time will remain entitled to it on the basis of their existing assessment. I hope that hon. Members will be reassured on that point.

Mrs Hodgson: On a point of clarity about the difference between the old and the new criteria, is it the case that, under the old criteria, students had to have a low score and that now it has to be below average? I am not sure whether I heard the Minister correctly.

Sarah Teather: There is no change in the criteria; there is a change in the evidence that has to be provided. What we are picking up on is how schools interpreted the previous guidance, not necessarily the actual guidance that was being provided. That raises some issues about how schools were interpreting the guidance and the freedom that they thought that it gave them. In fact, the guidance is the same, but slightly more rigorous evidence is being asked for to demonstrate that schools have met the guidance, and they are being asked to hold that on record. The best thing is for Ofqual and the JCQ to meet dyslexia charities in the new year, as they will do, along with other experts in the area. They should make those points to the JCQ and Ofqual at that stage.

The hon. Lady spoke briefly about the changes to spelling, punctuation and grammar in some GCSEs that were announced this afternoon. Hon. Members may be aware that that was likely to happen and that we would be restoring marks for spelling, punctuation and grammar in some key subjects that have extended pieces of writing. During Ofqual's consultation on the proposals, it heard concerns from dyslexia organisations about the potential impact on pupils with special educational needs, particularly dyslexia. I understand that it will be considering that as it decides how to roll out and implement the proposal.

However, during the consultation, there was also widespread support for ensuring accuracy within the qualifications. People expect those with high grades in GCSEs to be able to write accurately. The need to include an assessment of accuracy in spelling, punctuation and grammar is key to restoring confidence in GCSEs as rigorous and valued qualifications. Ofqual has set the level at 5% of total marks for the GCSE, so that the assessment of subject knowledge is not affected disproportionately. There will be the possibility of partial marks. It is not an all-or-nothing assessment and students will be able to achieve some or all of the marks depending on the extent of accuracy and how well they have conveyed meaning. In practice, there will be no blanket effect on the grades achieved by individuals, and the credibility of the exam and the grades achieved will be increased for all. Such changes, alongside some of the reforms to special educational needs provision, will give a real incentive to teach all pupils those core skills and prevent pupils with special educational needs from being sidelined or aspirations being lowered.

Kelvin Hopkins: I recently chaired a meeting of the all-party parliamentary group for social science and policy, at which we considered and had academic presentations on social mobility. A major factor in poor social mobility is the gulf in the use of language and education. Is the Minister saying that for the great mass of pupils, we will ensure that the standard at which they are able to use the language formally will be targeted and improved, or just that we will have a race to the top where the middle class will again have the advantage?

Sarah Teather: I agreed with the hon. Gentleman's first point. The second point seemed to bear no resemblance to the first. To raise aspirations for all is a good thing. To say that it is possible to achieve, regardless of background, is really important. To believe in social mobility and have it at the heart of educational policy, we have to have high aspirations for every child.

Kelvin Hopkins: To clarify, if one just gives marks for punctuation, grammar and syntax, certain people from certain backgrounds will have an even greater advantage over people from other backgrounds. The gulf in our society will widen unless extra effort is put in to ensure that everyone has a rigorous education in these methods.

Sarah Teather: I really do not accept that point at all. It is simply not good enough to say that, because someone is from a certain background, they will not be able to learn how to spell or use language correctly. That is exactly at the heart of what we are trying to break. I have to say that, as an employer, I meet lots of graduates who do not have dyslexia who have not learnt how to use accurate punctuation and spelling. Unfortunately, it is a continuous frustration, and I sometimes wonder whether I am the best-paid proofreader in the country, given the amount of time I spend correcting grammar and punctuation in the documents that leave the Department—I probably should not say that in *Hansard*.

Kelvin Hopkins: I agree entirely. The Minister's experience and mine are the same, but those who had the rigorous experience that I had at school have an advantage over those who did not, even though they might have been equal in ability in every other way. I appreciate that we are off the subject of dyslexia now. We are running out of time; but it is important to say that, if we are to have a society that is less divided, we must ensure that we provide education for those who do not have natural advantages.

Sarah Teather: If we are to have a society that is less divided, we must ensure that all children, regardless of their background, are given the same benefits of that sound education. Putting those marks, even 5%, back into qualifications will create an incentive to ensure that all children have that grounding. That is really important.

Mrs Hodgson: To return to the subject of dyslexia and the dispensation that will be given for children with dyslexia, the additional 5% can make the difference between an A and an A* for a very bright, dyslexic pupil.

Sarah Teather: Ofqual will consider and take into account the concerns of dyslexic charities when it decides on implementation. The issue of reasonable adjustments continues to remain.

I should like to conclude now. I thought that we would not have many speakers. In fact, I seem to have prattled on for so long—*[Interruption.]* Are there 17 minutes left? I thought that we finished at 3.45 pm. I have been racing to the end and thought that I only had two minutes. In fact, we have loads of time. I might still conclude anyway, or I will not have any voice left.

I am very grateful to hon. Members for their contributions. I hope that I have been able to allay some concerns. Dyslexia charities will no doubt make the points that they made to the hon. Members who came to this debate to Ofqual and JCQ in the new year, but I want to leave hon. Members with the assurance that we are absolutely committed to reforming the support for children with special educational needs and disability. We will say much more in the new year, in response to the consultation. I am grateful to all hon. Members for their constructive input on this matter.

3.44 pm

Sitting suspended.

Farepak

4 pm

Jessica Morden (Newport East) (Lab): Although I am happy to have secured this debate, I am extremely unhappy that I felt compelled to apply for it. I had hoped that justice would have been done by now, and that Farepak customers and agents would have received at least some of their money back. However, five years from Farepak's collapse, customers have not received a penny of the compensation due to them, and have not seen justice done. Those responsible have not been held to account. To add insult to injury, on the fifth anniversary of Farepak's collapse, we have learned that not only has none of the £5.53 million compensation been paid, but the administrators, BDO, have admitted that the cost to date of winding up the company comes in at £8.2 million, which is far more than the compensation owed.

Tony Cunningham (Workington) (Lab): Is it worth reminding people that the company knew when it took money from people that it was not able to provide the goods and services required, and that the people it defrauded could least afford to lose that money?

Jessica Morden: I thank my hon. Friend for his intervention. He makes an incredibly valid point. The people involved had modest incomes, and could least afford to lose that money. They ended up paying twice for Christmas, or borrowing money. The whole matter was a scandal, and we are still no clearer about when it will be resolved. Farepak victims were ripped off twice: once when the company collapsed, and secondly by an establishment that has not protected them.

The history of Farepak's collapse is well documented, and has been the subject of debates in the House, often initiated by Anne Snelgrove, the former Member for Swindon South, whom I applaud for her unstinting work in standing up for Farepak customers and employees. As this is only a half-hour debate, I will not rehearse the history, except to say that Farepak went bust on 13 October 2006, and the result was that the Christmas savings of around 120,000 people, in total about £38 million, were apparently lost. The money seemed to have been siphoned off to help to combat the debts of the parent company, European Home Retail but as my hon. Friend said, Farepak continued to collect money even when it knew that it had problems.

My inspiration for the debate is my constituent Deborah Harvey, who was a Farepak agent. The word tenacious does not come anywhere near doing her justice. Deb was an agent in Alway in Newport, and encouraged eight friends to spread the cost of Christmas by saving with Farepak with her. Like many agents, she was not motivated by self-interest; she was driven by wanting to see justice for the friends who saved with her because they knew her. They are owed a total of £2,100, and if they ever recoup any money, they will probably receive just £315.

Katy Clark (North Ayrshire and Arran) (Lab): My constituent, Jean McLardy, has given me a Farepak customer payment card that belonged to her mother, who has passed away. It looks identical to those of credit union savings schemes, and it is clear that the people who put money away every week thought it was in a savings club.

Jessica Morden: I thank my hon. Friend for her intervention. She made her incredibly valuable point very well. She has done sterling work on the Farepak issue over the years, and I commend her for that.

My Farepak savers in Alway will probably receive a total of about £315. I acknowledge the organisers of the unfairpak website who keep the campaign going and are a source of information for Farepak victims in a sometimes unclear process.

Where are we, five years on? Have the directors of Farepak been brought to book? No. The Government, through the Insolvency Service, have finally applied to the courts to disqualify Sir Clive Thompson and eight other directors associated with the collapse of Farepak. Does the Minister not believe that the length of time that the directors have had to appeal while still holding office is incredible when innocent victims wait and wait? Perhaps he will tell us how long the Government expect the case to last? As a Farepak agent told me the other day, if she had stolen something, she would have to pay for what she had done wrong, and it would not take five years.

Tony Cunningham: Let us be honest. If someone broke into a house and stole such an amount of money, they would find themselves in prison. They would be jailed, never mind paying compensation, or justice. They would find themselves in prison, and that is where they should be.

Jessica Morden: I thank my hon. Friend for his intervention, which was well made. Many victims have called for Sir Clive Thompson to have his knighthood removed if he loses the case, and perhaps the Minister will also address that point.

A survey posted on Twitter and the Farepak victims committee Facebook page reveals what Farepak victims think: 95% of the respondents thought that the liquidators had taken too long, and should have finished by now; 79% did not think that there are enough regulations to protect consumers from anything like the Farepak collapse happening again and 95% thought that all Christmas savings schemes should be tightly regulated. Many Farepak customers are upset about how the administrators, BDO, have handled the liquidation process. BDO struck an agreement with some of the ex-directors of Farepak to pay a total of £4 million in compensation, which is about 15p per pound owed. Not only are Farepak victims angry, as they should be, at receiving only 15p in the pound, they find it deeply unfair that as part of the deal the directors accept no liability for Farepak going bust. Will the Minister say whether that is common practice?

I am aware that some agents and customers received some money back in 2009 under a court order. That was a repayment to customers who had made payments as the company collapsed and which Farepak tried to put into trust accounts. Customers received some compensation from a response fund just after the company went bust, but as yet no customer has received any money via the administrators. BDO will argue that the reason is that it is still chasing, and that it is standard practice for administrators not to pay out any dividend until all avenues have been exhausted. However, as widely reported in the news last month, BDO has so far cost in excess of £8.2 million, which includes, for example, £50,000 for

[Jessica Morden]

public relations work. That is an eye-watering sum, especially when BDO has managed to obtain only £5.5 million back for the victims. So far, the process hardly seems fair.

I understand that there is a possibility that ex-customers could receive less than 15p in the pound. If the administrators fail to recoup any more money from ongoing operations, they will take their costs from the moneys already recouped. I accept that the ongoing actions, if successful, could result in ex-customers receiving more money, but either way the administrators will accrue more and more costs, making customers even more resentful.

Susan Elan Jones (Clwyd South) (Lab): I am grateful to my hon. Friend for securing this important debate. Does she agree that some of the practices that she describes are at best ethically questionable and, looking at them more strategically in terms of how victims have been affected, downright wrong?

Jessica Morden: I thank my hon. Friend for her intervention. I agree that the matter is downright wrong, and I hope that the Government will act.

I would like the Minister to say whether he believes that the insolvency process is fit for purpose in dealing with the aftermath of cases such as Farepak. Should there not be a limit on how much administrators can demand—perhaps a percentage of the total amount accrued? I have spoken to Farepak victims and agents, and the process is incomprehensible from the outside. Victims need to know what is going on, and why it is taking so long.

Mr Robert Buckland (South Swindon) (Con): I am pleased that the hon. Lady secured this debate and that she raised the point about transparency, because there are real concerns about creditors' representation, and precisely what is going on with BDO. There is a dearth of information, and it is not good enough to rely on civil proceedings as a cloak to prevent victims from being told what is going on.

Jessica Morden: The hon. Gentleman is exactly right. Although my constituent has been incredibly tenacious, from her point of view it has been very difficult to get any information out of the administrators, apart from messages posted on the website.

The average amount of time taken for a liquidation process to finish is about two and a half years, so we can completely understand the sheer anger, frustration and, frankly, scepticism of the ex-customers of Farepak over the administrator BDO and its motives. Could this ever happen again? Following the collapse of Farepak, the Christmas Prepayment Association was set up. On the face of it, the guidelines issued by the CPA seem to remedy many of the issues that arose. However, the association has a major flaw: it is self-regulating. Conceivably, a Christmas hamper company could be set up tomorrow and not be required to follow the CPA guidelines. This is surely not acceptable, given what has happened.

Mr Buckland: The hon. Lady has come to the fundamental point. Five years ago, a loophole was identified. Because of the nature of the business, unbeknown to all the clients and customers who took part in it, it is not in law a financial service. Why is that loophole still there five long years on?

Jessica Morden: I thank the hon. Gentleman for that intervention. He goes precisely to the crux of the issue: self-regulation is simply not acceptable. We need statutory guidance. We must compel companies to protect their customers' money. Can the Minister assure us that the Government will do that? If not, can he explain the reasons why, especially as just today we have seen that banks are to be compelled to display prominent signs telling customers that their savings are protected up to £85,000. What should we do in this case?

Katy Clark: Does my hon. Friend agree that one of the problems highlighted is that the victims have been treated as unsecured creditors, so they are right at the bottom of the pile? The Office of Fair Trading report, which was published in December 2006 after Farepak collapsed, highlighted the problems with prepayments for funerals, holidays and mail order, but this case goes way beyond that. Has my hon. Friend had an opportunity to look at the scale of the problem?

Jessica Morden: My hon. Friend is exactly right. There are a whole range of prepayment schemes. She mentioned prepayment for funerals, which is a huge issue that I shall address later.

Farepak customers were on modest incomes, and in October 2006 their Christmas was destroyed. All their carefully saved money disappeared overnight. These are people who did the right thing. They planned how they were going to pay for Christmas, they worked hard all year round, they made their monthly payments and Christmas was going to be sorted. They are predominantly women managing household finances to provide for their families. They were doing what we ask people to do. When Farepak went bust, Christmas was ruined for many. They were on modest incomes and could not get money out of the bank to cover the loss.

The Government owe it to Farepak victims to do the right thing. Farepak is a special case and the Government should step in and help. We did it for Equitable Life victims; quite rightly, the Government are stepping in to the tune of £500 million for them this year. Farepak victims are owed around £38 million. In the same way as we did with the banks, we should send the right signal to savers on modest incomes that their money is safe in the event of bankruptcy.

Sir Alan Beith (Berwick-upon-Tweed) (LD): I commend the hon. Lady for securing the debate. It is important that people are very careful about putting their money in schemes of this kind after the experience of Farepak. Before putting in their money, they should look for firm guarantees such as the banks must now have. Money is precious when it is from a hard-earned small income.

Jessica Morden: I thank the right hon. Gentleman for that intervention. Obviously, that is where the CPA and self-regulation come in. Many of the Farepak victims

that I have spoken to saved with friends because they trusted them. We must address the whole issue in the industry.

Despite all that has happened to her and her friends, the priority of my constituent, Mrs Deborah Harvey, is to ensure that the situation never happens again. On behalf of her and many others, I say to the Minister that Farepak victims want justice, adequate compensation, enhanced regulation for all firms engaged in prepayment schemes, and key figures in Farepak to be held accountable for what they did. That is how we shall ensure that decent people doing the right thing never again lose out in that way.

4.14 pm

The Minister for Further Education, Skills and Lifelong Learning (Mr John Hayes): It is a great pleasure to be able to respond to this debate, Mr Weir, and I am grateful to the hon. Member for Newport East (Jessica Morden) for bringing the matter to our attention. It is a matter of profound concern to the people involved. I think I reflect the Government's perspective in adding my view that this was completely unacceptable. Many vulnerable people were associated with it and it has taken far too long to sort out. The steps taken to try to resolve it were far slower than both the people detrimentally affected and any reasonable observer might have anticipated, so I am extremely sympathetic to the case that the hon. Lady has made and to the circumstances of the people who were so badly affected. It is understandable that questions of the kind that she has posed are raised when so many people are affected. The insolvency is particularly sad, coming around a savings scheme—a club, if you like—that was tied to Christmas, as we now approach Christmas some years later. This is a poignant subject, and the emotions evident in the contributions made so far reflect the character of the matter with which we are dealing.

Tony Cunningham: Does the Minister accept that what makes the situation even worse—it is bad enough that it is Christmas and so on—is that the agents who were taking the money week after week were taking it from friends? The responsibility and the guilt that they feel, because they have let down their friends, are enormous.

Mr Hayes: Yes, that is true. It is a good point. The hon. Gentleman made that point in an earlier intervention in a different form, and he is right. We think of the victims as the people whose money was contributed and lost, but the wider effect of the kind he described is also very sad, because people were acting in good faith, unaware of the likely consequences of the role that they played until it was too late to do anything about it. The hon. Gentleman is right to identify the communal effect that it had on communities that are often tight-knit and where trust matters. This is a poignant matter that understandably stimulates heartfelt sentiments. I will try to deal factually with the circumstances, but it is hard to do that in the context, about which we feel deeply.

The matter started before we came to office, but it is not a partisan matter. Governments need to express a view and take appropriate action. The case began under the previous Government and, of course, because it has not yet been satisfactorily drawn to a conclusion in terms of the money received by the people concerned, it continues under this Government. However, neither Government could have intervened in the conduct of a particular insolvency, as that remains subject, as hon. Members will know, to the overall supervision of the court. Nevertheless, I can give some background as to where the Government stand at the moment.

On the issue that was raised about the directors, concern was rightly expressed about their position and their living up to their responsibilities. They are the people who controlled the company. The investigation that took place was complex. As the hon. Member for Newport East mentioned, it resulted in an application by the Business Secretary, in the High Court of Justice on 26 January this year, for disqualification orders to be made against the directors. It was made in the public interest on the ground that the conduct of each director makes him or her unfit to be concerned in the management of a company. It is, of course, a legal application. None the less, the fact that we made it reflects the Government's view that this is a matter of profound concern. The individuals must be held responsible. As a result, opportunities to serve in a similar or indeed any business capacity should be limited. To say more about that at this stage would probably be improper, but the message that I have broadcast makes clear my views and those of the Government.

Jessica Morden: Does the Minister have any idea how long the process will take, and will he address the issue of the knighthood if the person in question is found guilty?

Mr Hayes: That is a fair question, but since the matter is now part of a legal process it is difficult for me to give a definitive answer. It would not, however, be unreasonable for my hon. Friend the Member for Kingston and Surbiton (Mr Davey), who is the Minister responsible for such matters, to respond directly to the hon. Lady, and I will ask him to do just that. I am not the Minister responsible for this particular matter, although I am happy to act as a conduit to the person who is. On such occasions when I am standing in for a Minister, it is my habit to make it clear to them that they have a responsibility to hon. Members and to the Chamber. I am more than happy to pass on the fact that I would like my hon. Friend the Member for Kingston and Surbiton, in so far as he can, to answer that question.

Mr Buckland: In the spirit of that constructive approach, may I ask the Minister the question posited by the hon. Member for Workington (Tony Cunningham) about the criminal aspect of this case? Was a proper investigation ever carried out by the Serious Fraud Office or the Crown Prosecution Service into allegations of fraudulent trading? It certainly seems to me, and to many others, that that should have been looked into at the time. If it was not looked into, why was that?

Mr Hayes: I will try to deal in my remarks with some of the actions that were taken, and if I do not cover that point I will come back to my hon. Friend on the matter. I would like to make some progress to describe what actions have been taken, although I am mindful of that intervention and do not seek to avoid it. I will try to deal with it during my remarks, but if I cannot, I will subsequently reply to my hon. Friend directly.

Nick Smith (Blaenau Gwent) (Lab): Will the Minister give way?

Mr Hayes: I will give way briefly, but I want to make some progress because I am short on time.

Nick Smith: It is great that the Minister has shown such sympathy for the victims of this injustice. Such schemes take place up and down the valleys in south Wales, and many members of my family have participated in them in the past. I would like to press the Minister on the matter of alleged fraud. Will he let us know what he is going to say on the matter sooner rather than later, so that we can quiz him further? People are very angry.

Mr Hayes: When I have made some progress, if I have not satisfactorily covered that matter I give a commitment that either I or the Minister responsible will respond properly and as far as we can within the legal constraints that I have set out. I am aware of the hon. Members who have participated in this debate, and of those who have a particular interest in the area. I am not avoiding the issue; it is a fair question and I will ensure that it gets a fair answer from the Government. I am not in the business of avoiding difficult subjects, particularly ones such as this that unite the whole House in its view of what is and is not appropriate.

In the short time that we have available for this important debate, let me make some progress so that I can deal with some of the points raised. I want to set out the steps that we have taken to avoid such things happening in the future. As the hon. Member for Newport East said, the main companies in the hamper industry, through the Christmas Prepayment Association, introduced new safeguards for consumers' money in the form of independently controlled, ring-fenced trust accounts. I know that the hon. Lady is doubtful about the self-regulation of the industry, but however imperfect, those safeguards represent significant progress for an industry that has, quite frankly, faced something of a shake-out following the Farepak affair. Relatively few businesses are now involved in that industry, and their coming together in the way that I have described represents significant progress.

There are various other Christmas saving accounts, such as clubs run by supermarkets, large retailers, local shops, social clubs, pubs and workplaces, and risks are always associated with any business of that kind. They are bigger and certainly more widespread than the principal companies that most of us know about. Local schemes exist throughout the country, and have done so throughout my lifetime if not considerably before. I remember my mother being part of a small, local Christmas saving club when I was a child, and it is hard to regulate every such arrangement. None the less, the Office of Fair Trading has produced a leaflet entitled "Save Xmas"—I am sorry it is not "Save Christmas"—which is a quick guide to paying for Christmas. The leaflet lists various schemes and indicates whether there is any protection should they go bust. It is important that people who put their money into such schemes know where they stand at the outset, because that has not always been the case in the past.

The Money Advice Service provides advice on its website about what protection is offered for various ways of saving money, and in addition, the Office of Fair Trading's consumer codes approval scheme, which aims to safeguard consumer interests and raise standards in markets, lists the protection of prepayments as one of its criteria. The OFT has approved 10 codes so far, and we are currently consulting on how consumer codes will operate in future, in light of proposals for institutional reform for those bodies that are currently responsible for consumer and competition policy. Those measures should help savers to avoid losing prepaid moneys in future.

On the issue of insolvency, it is clearly a matter of regret that more money is not available for distribution, and I understand the concerns mentioned by the hon. Member for Newport East, and others, about the expenses incurred in dealing with liquidation—I think she described the figure as "eye watering," and I do not disagree. Farepak is clearly no ordinary insolvency because it is so complex. It was complex from the start and involved an exceptionally large number of customers and agents—more than 116,000—and the identities of many of those were initially unknown. Considerable work was therefore involved in identifying creditors and substantiating their claims.

The creditors' committee, which represents those who have lost money, has received regular detailed reports on the progress of the liquidation and approved the actions of the liquidators. I understand that the liquidators have undertaken various investigations in order to increase asset realisations, including action that resulted in £4 million being recovered from the directors of the company. I also understand that the liquidators are currently working to bring proceedings against third parties, with the intention of increasing the pot of money available to creditors. Given the nature of such an action, the liquidators say that it is not possible to determine when moneys will be paid to creditors. As a result of this debate, however, I will make further inquiries, and ask the Minister responsible to report back to hon. Members about the anticipated time scale, in so far as he reasonably can.

The liquidators point out that the work they have undertaken over the years has resulted in the possible amount payable to creditors increasing from 5p to 15p in the pound. I accept that 15p may not be perceived as sufficient, but as the hon. Lady knows, it has substantially increased from the original estimate. The liquidators have also stressed that the creditors' committee can, at any time, instruct them to stop their activities and pay creditors from the funds already secured. They have also indicated that due to the sheer number of creditors, the process of paying a dividend will be very expensive. They therefore want to ensure that as far as possible, all money that can be recovered is received before a payment to creditors is made. The aim is to get the amount returned per pound to the highest possible level before we start the process of paying the creditors. Otherwise, we will add to the administrative costs associated with the process, and the balance between what that costs and the benefit people receive will be even further out of kilter.

I do, however, believe that the figure of £8.2 million, in contrast with the current dividend prospect of £5.5 million, causes considerable concern. I know that the hon. Lady shares my concern about the level of fees, and she will know that the Government have considered the issue and what should be done in the future. I hope that what I have said today will provide some assurance

that I, and other Ministers, believe that we cannot leave the situation as it is in terms of how such matters are handled.

In April 2010 new provisions came into force for insolvencies commencing after that date, giving creditors additional powers to obtain information about the fees and expenses charged by insolvency practitioners. The percentage of creditors required to bring a challenge in court was reduced from 25% to 10%, and the issue of fees charged by insolvency practitioners was considered by the OFT in a report published in June 2010.

Earlier this year, my hon. Friend the Member for Kingston and Surbiton, the Minister with responsibility for issues of insolvency, issued a consultation on a set of proposed reforms to the regulation of insolvency practitioners, including how practitioners deal with complaints. Our aim is to ensure transparency and accountability and to improve confidence in the insolvency process.

This has been a useful discussion on an important subject. I have had little time to sum up the debate, but I take this issue seriously, just as the Government take seriously the whole business of dealing with insolvency. We will take steps to ensure that the process is fair, reasonable and timely, and I will ask my hon. Friend the Member for Kingston and Surbiton to come back to Members on any specific points that I have not had the chance to cover, and make the position clear.

Alcohol Taxation

4.30 pm

Dr Sarah Wollaston (Totnes) (Con): I have watched many of my former patients die as a result of alcohol; there is nothing like witnessing the end of the journey to focus one's attention on the need to prevent people from becoming harmful drinkers in the first place. We are witnessing an unprecedented rise in hospital admissions and deaths from alcohol-related liver disease. Alcohol is directly responsible for more than 6,500 deaths and more than 1 million hospital admissions a year. It is the single largest cause of mortality in young people, accounting for one in four deaths among 15 to 24-year-olds—far more than die as a result of knife crime. There are now 1.6 million dependent drinkers in England alone.

However, the point about alcohol is that it does not just affect the drinkers themselves; it has a devastating effect on their families, especially children, and on entire communities. There are 705,000 children living with a parent who is a dependent drinker. Parental alcohol abuse is a factor in half of child protection cases.

The full costs are hard to quantify, but the bill runs to at least £20 billion a year.

Mr Kevin Barron (Rother Valley) (Lab): The hon. Lady will know that I chaired the Select Committee on Health in the previous Parliament. We conducted an inquiry into alcohol, and it was the first time in many decades that a Select Committee had done that. We took evidence that the cost to the NHS could be as high as £55 billion a year. The situation is similar to that with tobacco: in the end, no one really knows the cost of the use of these products.

Dr Wollaston: I thank the right hon. Gentleman for that intervention. He is absolutely right. The study to which he refers took into account the reduced quality of life years associated with alcohol, which are extremely difficult to quantify.

In three years' time, the Government will be judged not just on the economy, but on other tangible markers, such as violent crime, the prison population, health inequalities—even markers such as teenage pregnancy. It is hard to think of a social marker that is not affected by alcohol.

However, there are other compelling reasons for taking action. At a time of squeezed police budgets and when the NHS needs to find efficiency savings of £20 billion, we should not be pouring that money down the drain because of the problems that this country has with alcohol. About half the offenders in some prisons are jailed for an offence in which alcohol played a significant role. The relationship between crime and alcohol is not linear, but the positive association between violent crime and alcohol is compelling. There is a wealth of evidence to link alcohol price increases and reduced rates of homicide, rape, robbery, assault, motor vehicle theft and domestic violence.

Brandon Lewis (Great Yarmouth) (Con): I congratulate my hon. Friend on securing this important debate. In terms of alcohol price increases having the effect that she has just outlined, does she agree that one easy, fast

[Brandon Lewis]

and effective route that the Government could take to stop underpriced and low-priced alcohol being sold would be to go ahead with duty stamping on beer and wine to ensure that alcohol is sold at the right price and, equally, to save the Government up to £1 billion a year of revenue that is currently lost through the tax being avoided?

Dr Wollaston: That is one of the options. I would like to outline an alternative, but I certainly thank my hon. Friend for that intervention.

Numerous studies around the world have shown public health benefits as a result of price increases and taxation policies, so is it not time for some evidence-based politics? The trouble is that there is no single, simple solution. We know that there are other factors in addition to price: availability, our drinking culture and marketing. Those are all key factors, but today's debate is about taxation, so I will focus entirely on price, not because the others do not matter, but because they are not within the remit of the Treasury.

It is worth pointing out that most health experts feel that changing pricing is the most effective way of achieving results. I draw the attention of my hon. Friend the Minister to the letter in today's edition of *The Daily Telegraph* signed by 19 organisations. I know that the Treasury is aware of the costs to our economy of dependent drinkers and binge drinking, so I will not ask my hon. Friend to respond in detail on those points. As disposable incomes have fallen, so too has the overall consumption of alcohol, but that comes on the back of decades of steady increases. Alcohol remains about 44% more affordable than it was in 1980.

In 2010, a total of 48.4 billion units of alcohol were sold in the UK. Of those, 31.8 billion units—about two thirds; the great and increasing majority—were sold by the off-trade. The widening gap between the price of on-licence and off-licence alcohol is becoming far more significant and is fuelling the rise in home drinking. Harms are not going down as we might expect as a result of the small fall in overall consumption, because of the low-price deals that are still very widely available in supermarkets, garages and convenience stores pretty much around the clock.

Guy Opperman (Hexham) (Con): I congratulate my hon. Friend on obtaining the debate. The north-east has one of the worst rates of liver disease: we have seen an increase of 400% since 2002. I accept entirely the point that she makes about robust regulation in terms of minimum pricing, but does she accept that the local supermarkets in our individual constituencies can make a specific difference on the pricing and availability of alcohol and the way in which it is presented to our constituents?

Dr Wollaston: I absolutely agree. Most of the alcohol-related carnage is caused by young binge drinkers and by heavy or dependent drinkers, so the issue is not only about the availability of alcohol in outlets throughout the country. The harm is not going down, because those groups are the ones that are most attracted by the low-price deals.

Andrew Griffiths (Burton) (Con): I congratulate my hon. Friend on securing this important debate. I declare an interest as chairman of the all-party beer group. I agree with her about the need for the Government to take action. Does she agree with me on this point? Twenty years ago, the price in a supermarket and the price in a pub were much the same at about 75p a pint. Today, a pint costs £3.10, £3.20 or £3.30 in a pub, whereas in a supermarket it remains at about 70p or 80p. That has encouraged people to drink more and more at home and discouraged them from drinking in a safe, supervised environment such as the community pub that is at the heart of many of our towns and villages.

Dr Wollaston: I thank my hon. Friend: he makes an excellent point about the decline in rural pubs and why any action that the Minister takes has to take into account the impact on rural pubs and, of course, town pubs.

Jason McCartney (Colne Valley) (Con): I congratulate my hon. Friend on securing the debate. I have to declare an interest. I worked behind the bar in one of my local pubs on a recent Friday evening, celebrating British beer week. I am also a member of the all-party beer group. I echo the comments made by my hon. Friend the Member for Burton (Andrew Griffiths). In a pub, we have a safe environment; we have a landlord who is licensed. That encourages responsible drinking. The pub I worked in—the Wills O'Nats in Meltham—was a family environment. Young people were there, drinking soft drinks until early in the evening. Does my hon. Friend agree that any taxation put in place by the Government should not just be about revenue streams, but should encourage responsible drinking in the community pub environment?

Dr Wollaston: I absolutely agree. The point is that in the UK harmful drinkers buy 15 times more alcohol than moderate drinkers, yet they pay 40% less per unit. Those are the groups that are most influenced by pricing. That is why I agree with my hon. Friends that the problem does not come from pubs.

I did have a prop for the debate. Last weekend, my researcher was able to access 2 litres of own-brand cider from Asda for £1.48, which worked out at just 18p a unit. With a four-pack of bitter for 68p, the price was just 17p a unit. I particularly objected to the labelling. It said, "Asda Smart Price". I put it to hon. Members that there is nothing smart about charging 68p for four units of alcohol. That would send a woman well over the safe limit for a single day for just 68p.

Mike Wood (Batley and Spen) (Lab): I, too, congratulate the hon. Lady on securing the debate. It is significant that Asda is the supermarket she cited, because it is seen as the one supermarket that has so far taken a lead in trying to get to the bottom of two-for-one offers and the like. If Asda is still behaving as badly as that, what can we expect from the others?

Dr Wollaston: Asda has acquired a veneer of respectability by signing up to the new responsibility deal, but I would ask whether it is killing its customers with such pricing. Asda has liked to boast of its responsible approach in removing low-price offers from its foyers, but I put it to Asda that those who conduct proxy sales

on behalf of teenage binge drinkers have no trouble in locating the cider at the back of the store. It is the ultra-low pricing that is causing the carnage.

I recognise that the Government are trying to introduce a floor price for alcohol that will include duty and VAT. The trouble is that the policy will not go far enough to solve the problem, as it will still allow white cider to be sold at below 10p a unit. It will establish the principle of minimum pricing without the prospect of delivering any meaningful results. Will the Minister set out what responses she has received from public health experts on that point? All the public health advice that I have seen is entirely pessimistic. *The Daily Telegraph* pointed out today that the policy will catch only one in 4,000 of the drinks currently being sold and will do nothing to save lives.

Andrew Griffiths: Does my hon. Friend agree that it was this Government who introduced, for the first time, a ban on below-cost selling? That was an important line in the sand—the first time that a Government have said that selling booze too cheaply is a bad thing. The question now is how cheaply?

Does my hon. Friend share my concern that the current tax system seems to encourage people to drink ever stronger and stronger drinks? The tax system encourages the strength of wine to increase dramatically, and the drink of choice of young people is now vodka.

Dr Wollaston: I thank my hon. Friend for making that point. We need to show what minimum pricing means in practice if we set a reasonable price. If we set a minimum price of around 45p a unit, as the Scottish Government are planning to do, in a Bill introduced at the end of October, it would mean that a bottle of whisky containing 28 units could not be sold below £12.60, a bottle of wine containing 10 units could not cost less than £4.50, and a pint of beer with two units could not cost less than 90p. Such prices would not suck all the fun from a night out; in fact, they would not raise the price of alcohol in the on-trade at all.

Mr Barron: Will the hon. Lady give way?

Dr Wollaston: May I make a little progress? The case against a minimum price of between 45p and 50p a unit may hang on the loss of income to the Treasury. Alcohol duty raised £9.5 billion in 2010-11, which is equivalent to 1.7% of total Government revenue. There is a certain illogicality in the bands set by the European Union, so to a certain extent, as my hon. Friend the Member for Burton (Andrew Griffiths) said, there is great encouragement towards higher strength products.

The amount received by the Treasury is the same whether a product is sold in a pub or a supermarket. VAT is levied on top, but there are no specific data on where and on what products it is levied. Will the Minister set out estimates of the loss of income that would arise from the introduction of a minimum unit price of between 45p and 50p? Will she also set that against the benefits in estimated savings to the Home Office, the Department of Health and the Ministry of Justice that would result from a reduction in alcohol-related harms?

The Department of Health leads on alcohol policy. It has stated repeatedly that it does not wish to disadvantage moderate drinkers on a low income. However, it has failed to point out that harmful drinking disproportionately affects the poorest and most vulnerable in our society, and is a significant contributor to health inequality. A report on the Department's behalf from September 2011, titled "Narrowing the health inequalities gap", makes it quite clear that if it were not for alcohol-related deaths, and if we had had an effective policy, the objective to narrow the overall life expectancy gaps for the spearhead local authority areas—the most deprived areas in our country—

"would...certainly have been achieved for males; and would be well on the way to being achieved for females."

The evidence is not just that low-income groups suffer the most health harms, but that they suffer the most harms as a result of violence in their communities.

If we look at the evidence from some shopping basket data published in a university of Sheffield study, we can see that for

"a 50p minimum price, a harmful drinker will spend on average an extra £163 per year whilst the equivalent spending increase for a moderate drinker is £12."

In other words, the published data state that such a policy will not penalise low-income moderate drinkers.

The deprived spearhead communities have the most to gain from an effective alcohol policy. A minimum or floor price can be set that is not regressive and is affordable for anyone who is not drinking at hazardous levels. As one of my correspondents pointed out:

"If you can't afford 50p per unit it is a good sign that you are drinking too much."

The charge is often made that without an increase in duty the profits will go to the drinks industry and retailers, not the Treasury. I can understand that, but if we can introduce windfall taxes on energy companies, why not have windfall taxes on supermarkets that profit from windfall gains? With more than 31 billion units sold in the off-trade, why not even consider a health levy on unopened bottles, perhaps of between 5p and 10p a unit, targeting just the off-trade? That would be more than enough to allow for decent treatment programmes. Evidence shows that for every pound we invest in such programmes, we save £5 in wider benefits to the economy because of reduced harms.

Guy Opperman: Does my hon. Friend think that it would be a good idea to introduce an alcohol Act similar to that which exists in Scotland?

Dr Wollaston: I could not agree more.

Finally—I know that other Members would like to come in—there are those who argue that a minimum price is illegal under EU law. If so, why are the Scottish Government so confident that it is not? I draw the Minister's attention to a reply given by Mr Dalli on behalf of the European Commission to a question put by an MEP on that point. The bones of the reply are that

"the Commission fully shares with the Honourable Member the conviction that there are strong public health reasons for the EU to tackle alcohol-related harm including minimum pricing measures."

Will the Minister set out today whether there have been discussions with the Scottish Executive on the matter? Will she also comment on what steps the Treasury will take to tackle supermarkets' plans to undermine Scotland's decisive action to tackle the carnage caused by alcohol? Tesco recently e-mailed Scottish customers

[Dr Wollaston]

to reassure them that they will still be able to access cut-price deals after the Act is in force, as the products will be delivered from across the border. Will the Minister join me in condemning that e-mail from Tesco?

Yesterday, the Select Committee on Health returned from a visit to Carlisle, and it is clear that the city is expecting an increase in cross-border sales. It would prefer to see us use an evidence-based policy to protect the north-west, which has suffered from the devastating impact of alcohol. There have been many calls for effective minimum pricing and numerous models show the amount of lives and money saved, so I do not want to go over them in detail, other than to point out again that a 50p minimum price could save nearly 10,000 lives a year.

We have shown that Britain is prepared to stand our ground in the EU when it comes to the City of London. Now is the time to put the lives of our young people ahead of the theoretical risk of a legal challenge. A precedent exists in the loi Evin, which the French introduced to protect children from the effects of alcohol marketing in France. It has been challenged repeatedly by the industry in the EU's courts, but it was upheld on the grounds of the health benefits. I fully agree with that.

Mr Barron: I agree with the hon. Lady regarding unit pricing, as did the Select Committee. One issue that caught my ear in her presentation is that of spirits. For 10 years, I have sat in Budget speeches in the House of Commons Chamber, when everyone cheered when the duty on spirits never went up. Then a £6 bottle of vodka became the choice for binge drinking. That is one of the lessons that the Treasury should learn.

Dr Wollaston: I could not agree more. Pricing plays, and has played, a role in the massive increase in the drinking of vodka, particularly by young women.

There are other ways of levelling the playing field, if the Treasury wants more income after minimum pricing. I know that the Minister is aware of the paper written by Dr Nick Sheron in which he argued that we could vary VAT between the on and off-trades to achieve minimum pricing, without damaging our pubs. I accept that the Treasury is convinced that that would be illegal under EU law. That is just another example of the completely illogical rules by which alcohol duty is set from across the channel, and is a prime example of the intrusive and frustrating way so much of our legislation is controlled by the EU.

I finish by asking the Minister not to commit to a floor price that will be meaningless. Will she assure the House that she will meet her Scottish counterparts to discuss why they are convinced that it is legal to introduce a realistic minimum price for alcohol? Can she assure me that the Government will look at the consistent and evidence-based advice from health experts on minimum pricing, and at least ensure that supermarkets south of the border do not undermine what is happening in Scotland? Can she also assure me that the Treasury recognises that alcohol is not an ordinary commodity, but a psychoactive, teratogenic carcinogen, which also happens to be addictive?

I finish with a story from one of my constituents, who spoke to me after trying to stop a drunken lout urinating on a semi-conscious vulnerable woman in the street. Is that the picture of Britain that we want to send to the rest of the world in our Olympic year? It really is the picture that other people are starting to have of Britain, and it is completely preventable. We just need bold action from the Government. Otherwise, we are abandoning another generation of young people. There is no such thing as a free lunch and equally no such thing as a cheap drink. We are all cross-subsidising cheap deals in supermarkets by paying extra for our groceries and other products. There is no such thing as a cheap drink: we are all paying a heavy price.

4.51 pm

The Economic Secretary to the Treasury (Miss Chloe Smith): I congratulate my hon. Friend the Member for Totnes (Dr Wollaston) on securing the debate. I recognise that, as a general practitioner, she can draw on direct experience on dealing with the adverse effects of alcohol on health. I also acknowledge her reference to the contribution in *The Daily Telegraph* today from other professionals in the field.

I can assure all hon. Members who have spoken—it is a pleasure to hear so many—that not only GPs have such concerns about the effect of alcohol on the welfare and well-being of society; that concern is shared by the Government. It is clear that alcohol abuse causes serious harm to health and leads to considerable costs to the NHS and that many towns and cities are affected by alcohol-related violence and crime, as my hon. Friend has said. Like her, of course I abhor behaviour such as that in the example on which she finished her speech.

For all those reasons, the coalition Government are committed to tackling problem drinking across a range of fronts. I shall set out a few points on which action has already been taken. I shall try to do so quickly, to get on to minimum unit pricing, as my hon. Friend has requested. I will begin by trying to tackle a couple of points made by other hon. Members. Irresponsible drinkers, rather than responsible drinkers in pubs and other places of safety, are the problem.

I shall try to tackle a couple of the specific questions. If I do not do get there in time, I hope that my hon. Friend will forgive me if I write to her on a couple of points. With regard to measures that the Government have already taken, I hope that they will demonstrate and reassure her that the Government are committed to an evidence-based approach. I specifically reassure her of that today. It is, of course, a subject on which data speak clearly. It is a complex subject that requires much analysis of evidence.

I shall start that process with what the Government have done. My hon. Friend will know that the Treasury published the review of alcohol taxation in November 2010, which among other things identified a problem with so-called super-strength lagers, about which others have spoken today. The Government confirmed in the 2011 Budget that action would be taken to discourage consumption of those drinks, introducing two new additional duties, which should help. There are also targeted approaches on other types of drink—for example, a minimum juice content for products that qualify as cider. I note my hon. Friend's point about ciders.

Andrew Griffiths: The Minister has clearly got up to speed quickly on her brief. With regard to cider, does she agree that it seems completely incongruous that the

4% duty paid on a pint of beer is twice that paid on cider—2%—at exactly the same strength?

Miss Smith: I am aware of that specific point, and I am sure that my hon. Friend and his colleagues will be even more aware of that tonight at the all-party parliamentary beer group's Christmas party, if I have that correct. If he will forgive me, I will focus on minimum unit pricing in this debate, to deal with points raised by my hon. Friend the Member for Totnes. I shall briefly note that she raised the wider impacts of alcohol. Of course, it is not just the duty system that is important. I direct her to the Police Reform and Social Responsibility Act 2011, which I hope will help with the late-night economy. To make an important point, I direct her to a forthcoming paper from the Department of Health, which, with the Home Office, is responsible for this area, that will consider the wider social and health impacts of alcohol. I have no doubt that she will look at that in some detail.

Guy Opperman: A simple question: when assessing taxation in the alcohol strategy document, working with the Department of Health, will there be a difference in the views on taxing supermarket sales compared with the pubs that we all cherish and that are so affected by this?

Miss Smith: If my hon. Friend will allow me to come to that, I shall attempt now briefly to answer a number of the questions asked. First, as my hon. Friend the Member for Totnes explained, the Scottish Government have recently introduced a Bill that seeks to bring in a 45p per unit minimum price. She asked why this Government believe that that would be incompatible with EU law, when the Scottish Government do not. If I may quote the specific point: we believe that it could be incompatible with article 34 of the treaty of the functioning of the European Union. I should be delighted to go into more detail on that if she required. That is the position.

I should like to deal with the important point made by my hon. Friend the Member for Hexham (Guy Opperman). No one wishes to hit pubs unnecessarily. I take the examples about the behaviour of supermarkets that have been given. Like hon. Members, I am wary of those. If an indirect tax were introduced, it would be difficult to distinguish between points of sale. I am happy to come back to hon. Members in more detail on why that is difficult, but it is not as straightforward as saying that we want to hit supermarkets and not pubs; it is about how to set up an indirect tax.

On that note, as hon. Members will have heard in other debates, it is difficult to find ways to vary VAT on similar products. Again, I am happy to come back with more detail on that if required. On price distortion and perhaps distasteful practices at the border, the UK Government will look into that closely. My hon. Friend the Member for Totnes asked whether we will discuss matters with the Scottish Government. We will be watching the situation extremely closely in the service of seeing what works and what we can assess among these complex policy and legal issues.

I will go briefly to a couple of other questions that my hon. Friend asked me: have we received representations from public health representatives on the duty plus VAT measure? I regard that measure as a starting point, as a first step. She rightly notes that it introduces a principle and a starting point. Treasury officials are very closely involved in discussing such matters with the Department of Health and, as I have already mentioned, the Home Office, which is also responsible in part for alcohol. I hope that reassures her.

We have mentioned supermarkets. I shall briefly turn to whether a windfall profit tax could be introduced as a method of trying to tackle some of the harms. First, this is about evidence. It is questionable whether windfall profits are likely to arise, and therefore whether there would be something to tax, as a viable approach. That question rests on carefully analysing the evidence, policy and legal issues and what is possible.

Finally, I hope that I have set out that the Government have taken some action and made some starting points. The Government are keen to hear evidence on the matter and will observe carefully what is going on in Scotland and elsewhere.

Question put and agreed to.

4.59 pm

Sitting adjourned.

Westminster Hall

Thursday 15 December 2011

[MR DAI HAVARD *in the Chair*]

BACKBENCH BUSINESS

Remploy

Motion made, and Question proposed, That the sitting be now adjourned.—*(Mr Vara.)*

2.30 pm

Mr Dai Havard (in the Chair): Before we start the debate, there is clearly a great deal of interest, so I remind Members about discipline. Interventions are welcome and important to facilitate debate, but please make them interventions, not small speeches. My colleague, Mr Benton, will take over from me later. He and I have decided that we should allow the last three quarters of an hour for the Opposition spokesperson and the Minister to reply, and for the sponsor of this debate, Mrs Clwyd, to intervene at the end should she wish to summarise the debate, as this is a Backbench Business Committee-sponsored discussion.

2.31 pm

Ann Clwyd (Cynon Valley) (Lab): I am pleased to be here under your chairmanship, Mr Havard. You are my constituency neighbour and a friend, and you have similar problems in Merthyr Tydfil to ours in Cynon Valley. I am grateful to the Backbench Business Committee for giving us three hours before Christmas, which is important in case the Government come out with a statement early in the new year.

In a petition handed in to No. 10 last month, more than 100,000 people told the Government that they want them to stop the closure of Remploy factories and the privatisation of Remploy employment services. As most people know, Remploy has a long and proud history as the largest and oldest employer of disabled people in the United Kingdom. It was set up in 1946 by the Attlee Labour Government to provide returning brave servicemen with dignified work. Indeed, the name Remploy means "re-employ".

The first factory was opened in Bridgend, south Wales, and Remploy quickly developed into the biggest and most important employer of disabled people in the UK. Over the following decades, it established a network of factories across the UK making a wide variety of products, such as school furniture, motor components and chemical, biological and nuclear protection suits for the police and military, as well as a variety of health products. Remploy currently employs more than 2,500 disabled people in its 54 factories.

Many Remploy employees now face the loss of their jobs if the Government fully accept the recommendations of the Sayce report, the Government-commissioned review of specialist disability employment programmes. The report was followed by a three-month consultation, to which many of us contributed and which came to an end in October. The Government—I am looking at the Minister—have already stated that they are

"minded to accept the recommendations of the Sayce review on Remploy",

which recommends that Remploy leave Government support and that factories close.

The closure of 54 factories could mean that 2,500 disabled people will lose their jobs. Those people are frightened and worried about their future employment prospects, given the current level of unemployment. Remploy factories and workplaces provide stable and dignified places of employment. The system has provided a remarkably robust presence over the past 65 years, and I am convinced that it has a viable future based on a decentralised procurement system.

The vast majority of factories are in areas of previous heavy industry, such as my constituency, which is in a former coal mining area. On my first visit to Remploy, when I was first elected in 1984, I visited the Remploy factory in Aberdare and watched with amazement the skill and the love with which people worked. Those people were hand-stitching huge boots for disabled people, although that particular business has long since been lost. Cynon Valley, despite its proud industrial past—I am sure that we will hear the same thing from many colleagues here—is marked by unemployment rates almost double the UK average.

Lisa Nandy (Wigan) (Lab): I thank my right hon. Friend for giving way and for initiating this debate, which is of importance to many of us, as she can see. In addition to the obvious problem of unemployment, which she is discussing, does she agree that even where jobs exist, it is difficult for people with disabilities to get to them, because public transport is often not accessible to them? Does she therefore agree that Ministers must address many things before they can even begin to think about asking people to find alternative employment?

Ann Clwyd: I thank my hon. Friend for making that important point, which I will discuss later. In Cynon Valley, 2,275 people are looking for work at the moment, a rate of 8.3% unemployment. All areas in Cynon Valley have the same problem of high unemployment, in addition to the multitude of factors, as my hon. Friend has said, that are stacked against a disabled person looking for a job in the area where they live or even in a neighbouring area. Disabled people should, of course, be supported in whatever work they choose, but there is no real choice if unemployment is high and if there is little or no employment elsewhere. The Secretary of State for Work and Pensions told the jobless of south Wales to get on the bus to Cardiff to find work—we all remember his comments. As you know very well, Mr Havard, he made those comments in Merthyr Tydfil, a town with five jobseekers for every advertised job. That is no help to a jobseeker in my constituency, where there are 21 jobseekers for every advertised job.

The Sayce report recommends that funding for Remploy should instead be channelled into expanding the Access to Work programme. Again, I note that the Secretary of State suggested that people in Merthyr Tydfil were unaware that they could make a one-hour bus journey to Cardiff for work. For many of us, that echoes Lord Tebbit's comments about getting on your bike. The Secretary of State's comment was of exactly the same order, and many people felt that it was a disgusting insult to the unemployed in the area. People are well aware that they can get a bus, but there is no point getting a bus to Cardiff when there are many people out of work in Cardiff who are also looking for a job.

Jim Sheridan (Paisley and Renfrewshire North) (Lab): I congratulate my right hon. Friend on securing this debate. Does she accept that it is different for people with disabilities who are made redundant? A man in my constituency has a facial disfigurement so bad that he could not use public transport, go into a restaurant or do the normal things that other people do. Remploy was the only place that he had and the only thing that kept him sane. He is now locked in his bedroom with the curtains closed, more or less, and has nowhere to go.

Ann Clwyd: That is a very sad case. I am sure that we could all discuss similar cases. I know of one man in Penrhiwceiber who also never comes out of his house. It is tragic to see the effect on a whole family when somebody cannot leave the house, for whatever reason.

Yasmin Qureshi (Bolton South East) (Lab): I thank my right hon. Friend for securing this debate. Is her experience similar to mine? I visited the Remploy factory in my constituency twice and spoke to the people working there. They had enormous pride in the work that they were doing. When I discussed with them how they felt about going into the open market and working in another environment, their answer was categorically, "No. We like working in this particular environment. It's safe, they understand our needs and it's more comfortable for us."

Ann Clwyd: I cannot emphasise enough the pride that people who work in Remploy factories have in their work. They do not want to sit there doing nothing—they want to work—but one of the problems with procurement, or the lack of it, is that too many of them are sitting, waiting for work that has not come. Members may have seen the recent lists of those local authorities that are procuring work through Remploy factories and those that are not. Some local authorities in this country are not getting any work done by the Remploy factories in their area, which is a tragedy.

In a period in which unemployment is rising, it is pie in the sky and cruelly misleading to suggest that expanding the Access to Work programme will result in more work for disabled people. In my area, people would like any opportunity to work, but it is particularly difficult for disabled people and always has been. I remember when the disablement resettlement officers tried to get work for disabled people and how difficult it was for them in a very different environment from the one we are in now.

Remploy is at a crossroads. All 54 Remploy factories are under threat of closure when the current public funding ends in April 2013. The threat is compounded by the factories being deliberately run at 50% of their capacity. It is crucial that, instead of deliberately running down the factories in order to, in my opinion, justify closure, an alternative Government strategy is devised to maintain funding and enable individual factories to secure work.

Mr Pat McFadden (Wolverhampton South East) (Lab): In the House a couple of months ago, I asked the Minister a similar question about the factories. An allegation has been made that, although the performance of the factories varies from place to place, some are actually turning work away, perhaps in order to create the self-fulfilling prophecy of being financially inviable. The Minister said that she had not heard that that is the case, but has my right hon. Friend heard that it is? Since that exchange in the House, the allegation has continued to be made. When we talk about viability, it is important to establish whether that is what has been happening.

Ann Clwyd: I thank my right hon. Friend for making that point. I received a letter about half an hour ago from my hon. Friend the Member for Copeland (Mr Reed), who would have liked to have been present but could not make it. He wants me to mention the Cleator Moor factory in his constituency and says that it has operated very successfully for many years and currently has a large order book. Some factories, therefore, have large order books and are, in fact, turning work away.

Mrs Madeleine Moon (Bridgend) (Lab): I thank my right hon. Friend for calling for this very important debate. The Bridgend factory is in a similar position. It has a long-standing relationship with Ford and is currently bidding for a new contract with it, but it is in the difficult position of not knowing what its future holds and whether it will in fact be there and be able to fulfil that contract, if it is awarded to it. It then faces the problem of whether it will be allowed, if successful, to recruit more disabled people to work at the factory. That insecurity is affecting the whole of the work force.

Ann Clwyd: I entirely agree with my hon. Friend. Uncertainty is having a very bad effect, both on the morale of the people who work in the factory and on that of their relatives. Everybody will want to make points about their particular areas and factories. Before I take another intervention, I want to mention the last round of redundancies in the Aberdare Remploy factory in 2008. Of the 18 disabled employees who took voluntary redundancy, only one person ever returned to work, although many others would have liked to have had a job and were able to have one had one been available.

Chris Bryant (Rhondda) (Lab) *rose—*

Mark Hendrick (Preston) (Lab/Co-op) *rose—*

Mr Dai Havard (in the Chair): I call Mr Bryant. It would help me if only one Member stood up at a time.

Chris Bryant: I could not see behind me, Mr Havard.

Mr Dai Havard (in the Chair): You need wing mirrors.

Chris Bryant: I am grateful to my right hon. Friend the Member for Cynon Valley (Ann Clwyd), who is my constituency neighbour, because uncertainty is even affecting those Remploy offices, such as that in Porth in Rhondda, that have a very strong record and a very strong order book. It seems a dereliction of duty if the very strong parts of the business end up being undermined just because clarity is not provided.

Ann Clwyd: I could not agree more. I have two quotes, the first of which is from the general secretary of Unite:

> "This report spells the death knell of Remploy factories—it is a blueprint to run-down and close the factories. The government needs to commit itself to making substantial pump-priming available to guarantee that the plants become successful as businesses in their own right—they won't succeed without such cash.

The prospect for those who will have to battle it out for mainstream jobs is grim—it is a major blow for them. What will happen is that disabled people will be at the back of the employment queue and when they do succeed in finding work, too often, they are bullied and forced out of work. It is a vicious revolving door."

Dame Anne Begg (Aberdeen South) (Lab): In Aberdeen, we have a factory that struggled for a number of years, but in the past two years or 18 months it has turned itself around and is now going great guns, with new orders and new businesses. In fact, it has managed to rent out some of the factory to other businesses and social enterprises, so things are really looking up. Does my right hon. Friend agree that it is a supreme irony that, at the very point at which the Aberdeen factory looks, for the first time in many years, to have a successful future, it should be undermined by a decision taken by the Government?

Ann Clwyd: Again, I absolutely agree and thank my hon. Friend for making that point.

Mark Hendrick: The factory in Preston recycles computer equipment—if any business is sustainable in the foreseeable future, it is the recycling of computer equipment. The factory is running at only half its actual capacity, which makes me think, as my right hon. Friend the Member for Wolverhampton South East (Mr McFadden) has said, that there is work out there, but the factory is just not receiving it. That fact of the matter is that, when I have spoken to the workers, they have said that they feel that they are being condemned to a life of unemployment. The chances of getting work are negligible, and this signals the death knell for what has been recognised as a very important company since the war.

Ann Clwyd: Again, I agree.

Jim McGovern (Dundee West) (Lab): I congratulate my right hon. Friend on securing this important debate. Following on from what has already been said, I have visited the Remploy factory in my constituency so many times that I am almost on first-name terms with most of the work force, which has, unfortunately, shrunk from about 100 to perhaps 50. The management, the trade unions and the work force have made it clear that, if the factory closes, it is highly unlikely that the majority of the work force will find alternative employment. Is that also the situation in my right hon. Friend's constituency?

Ann Clwyd: I suspect that the situation is exactly the same in all our constituencies.

The GMB union, which also represents Remploy employees, argues that the voluntary redundancy scheme is not the answer

"to the real problems facing factory based supported employment in Remploy."

It argues that the structure of Remploy is

"top heavy with senior managers and millions of pounds can be saved"

by reducing the numbers of managers and associated costs, such as their bonuses.

Alison Seabeck (Plymouth, Moor View) (Lab): My right hon. Friend is touching on the balance of posts within Remploy and whether the organisation is top heavy, and I share those concerns. Does she also share my concern that, if people are cast adrift—that is how families in my constituency feel about potentially not being able to go to Remploy—there will be the considerable additional costs, both to local authorities and the Government, of those people not being available and in work? Is she aware of any cost-benefit analysis that is being done by the Government to look at that impact?

Ann Clwyd: Again, many years ago when I was a Member of the European Parliament, I wrote a report for that Parliament on the social consequences of unemployment. I have been trying to dig out that particular report from the terrible filing system of my office, because, as I remember, the conclusions are absolutely as apt today as they were then. Nothing has changed in about 25 years. The conclusions will be exactly the same.

Andrew George (St Ives) (LD): The Penzance Remploy factory in my constituency was one of those that managed to survive the closure programme under the previous Government. It has, indeed, been very offended by some of the remarks in the Sayce report about what goes on in the factory. On Remploy potentially having top-heavy management, it is very telling that many of the successful contracts that have been carried out by the textile factory at Penzance have, in fact, been won by the disabled people themselves. That is very telling and shows that those disabled people have demonstrated a great deal of dynamism and ability at the factory level.

Ann Clwyd: That is a very important point, because the quality of the work produced is also excellent. A focus on procurement is therefore key to the future development of the Remploy factories.

The unions argue that Remploy's capacity has been driven down through bad management, making it possible for the Government to claim that Remploy is not working. If orders are gained through effective procurement policies, which they are in some areas, the unions argue that factories can work at full capacity and that they can be viable. Surely, the future of Remploy can be secured by enabling each individual factory to procure work and to work with other Remploy factories, if needs be.

Geraint Davies (Swansea West) (Lab/Co-op): On that point, when I visited the Swansea factory in the spring, it was running under-capacity. I therefore visited the Driver and Vehicle Licensing Authority, the local authority, the university and the health authority. That factory is now running at full capacity with much higher margins. Does that not illustrate that there is a strategic problem and that there is an over-centralisation of UK management instead of sales teams being devolved to enable local factories to pick up orders from large clients based locally?

Ann Clwyd: I thank my hon. Friend for that remark. He wrote a very good article in the *Western Mail* last week on Remploy. I commend that article to my hon. Friends.

Remploy in Aberdare has failed to provide sufficient support to the factory since its so-called reprieve in 2008. Despite assurances, Remploy management have never made a concerted effort to make the Aberdare factory viable. There is a team of national sales staff—this picks up the point made by my hon. Friend the Member

[Ann Clwyd]

for Swansea West (Geraint Davies)—but they are all based in England and have generated little or no new work for the Aberdare factory. It is that model of procurement that urgently needs to change.

Across Remploy as a whole, major savings could be made by dealing with the over-staffing of management and senior management, the majority of whom are able-bodied. Savings could also be made by cutting the use of expensive outside consultants. The Sayce report suggested that Remploy factories could be taken over by worker co-operatives or mutuals. I hope that that is not just a cynical attempt by the Government to wash their hands of the Remploy factories. If there were an attempt to push a new model on Remploy without prior consultation or consent, it would obviously reflect very badly on the Government and be viewed as heavy-handed and top-down. Despite being among society's most vulnerable people, disabled people should be treated like anybody else with dignity and respect.

Before the summer holidays, when I went to see the Secretary of State—the Minister was there as well—about my own factory, I questioned the quality of the information being provided by Remploy senior management, including to the Government. That was confirmed by a comment made during our meeting. It was said that my factory in Aberdare was part of the furniture business. I said, "Well, that's news to me." When I went to the factory a few days later, the people there confirmed that they do not make furniture—they make window boxes. I suppose that window boxes are furniture to some people, but they are not normally considered to be furniture.

The Aberdare factory still manufactures some items for the health care business. That was one of the main things it did that was taken away from it some years ago as a result of some fatuous reasoning. The manufacture of those items was transferred to Chesterfield. I have no objection to people in Chesterfield having a job, but not at the expense of my own factory. As I have said, we still manufacture some items for the health care business, including a subcontracted footwear contract from the Chesterfield factory. That seems to be a rather ridiculous situation that is like a sort of yo-yo approach. There is also a bra pocketing service and the manufacture of lumber supports. So the factory was not making furniture, and I question some of the things that are said to happen in certain places.

Finally, according to the economists, we know that unemployment is on course to hit 3 million for the first time in 20 years. It is clear that wide-ranging job cuts in the public sector are simply not being absorbed by the private sector. Those jobs are just not there in the private sector. It is the hallmark of a civilised society that it ensures that its most vulnerable people are protected. Those people should not be left to compete in a savage labour market, where hundreds of thousands more people will lose their jobs in the coming months. It will be hard enough for the able-bodied, but please let us safeguard Remploy and all who work within it.

Several hon. Members *rose*—

Mr Dai Havard (in the Chair): Order. Before we begin the rest of the debate, a number of hon. Members clearly wish to speak—about a dozen Members have indicated to me that they wish to contribute. I remind colleagues about the time available for the discussion, even if we try to squeeze in the reply period. A bit of internal discipline from colleagues would be extremely helpful. Thank you. I call Mr Stephen Lloyd.

2.58 pm

Stephen Lloyd (Eastbourne) (LD): I thank the right hon. Member for Cynon Valley (Ann Clwyd) for securing the debate. It is interesting to note that when I saw the subject, I had a couple of conflicting thoughts. One thought was, "Stephen, if you speak in this, you can pretty much guarantee that it will be you against the massed ranks. Do you really want to do that considering that you have been an MP for a mere year and a half?" The other thought was, "You should contribute because you really believe that what you have to say is right." I am glad to say that, in my judgment, I chose the latter.

It is a privilege to speak in this very important debate. I have been involved with the issue, on and off, for nigh on 19 years. I would like to tell the Chamber a little bit about Liz Sayce, who wrote the report. In the field of disability, Liz Sayce is held in tremendous respect and regard by both disabled and non-disabled disability consultants. I hope that even if the right hon. Member for Cynon Valley disagrees fundamentally with the review, she agrees that Liz Sayce knows of what she speaks with regard to disability. I have had the privilege of knowing her for many years.

I am fully aware that this is a debate against the closure of Remploy factories, but I want to take the opportunity to make the case for something I feel profoundly exercised about: supporting disabled people to realise their employment potential. An outsider might think that the Sayce review is solely about closing Remploy factories. In my judgment, it is not about that. It is about the future of disability employment support and making sure that the money is used where it makes a real difference to as many disabled people as possible. It is also about disabled people's employment aspirations as well as, crucially, society's attitude towards disabled people.

There is a story to be celebrated, which is that disabled people's employment levels have risen significantly in recent years, especially among disabled graduates. I remember, years ago, campaigning for the Disability Discrimination Act 1995 when John Major was Prime Minister. Compared with where we were 15 years ago, where we are today might as well be a completely different planet. Disabled people have higher aspirations, are increasingly breaking through the job market, and are rightly becoming ever more visible in public life. The increase in support for disabled people, and new employment rights and changed attitudes towards disabled people have certainly helped.

Since 1994, Access to Work has helped tens of thousands of disabled people to get a job or stay in a job, despite its being called Whitehall's best secret. At this juncture, I pay tribute—so that it will be in *Hansard*—to the enormous investment that the Labour Government put into Access to Work. Many years ago, I remember meeting the then Minister with responsibility for disability, the right hon. Member for Barking (Margaret Hodge); another former Minister is in the Chamber today—the right hon. Member for Stirling (Mrs McGuire), who I

knew in my previous life. They put tremendous investment into Access to Work, for which I have always been very grateful.

The Disability Discrimination Act 1995 secured rights for disabled people to be free of discrimination. Those rights have been strengthened, most recently through the Equality Act 2010. Furthermore, the UN disability rights convention, signed and ratified by the UK Government, explicitly recognises the right of disabled people to work in open employment. Earlier this month, an organisation I know very well, the Employers' Forum on Disability, celebrated 20 years of achievement and very hard work on behalf of disabled people. It supports its members, companies and organisations large and small to become disability confident, thus making it easier to recruit and retain disabled employees, and to serve disabled customers properly. Its members, and many other employers, are committed to breaking down barriers, because they recognise that it benefits them to tap into that huge pool of talent. They know that employees—disabled and non-disabled—function better in an environment where everybody is treated with respect, and where they get the support they need.

The EFD, and other organisations, know it is not the disability, but the person that matters—otherwise known as the social model of disability. My very good colleague, the hon. Member for Aberdeen South (Dame Anne Begg), the Chair of the Work and Pensions Committee, has, like me, been campaigning for the social model for a long time. When I first started doing so with other disabled people, we were seen as if we were talking double Dutch. There is much greater understanding of the social model of disability today.

Despite that progress, 50% of disabled adults of working age remain unable to access paid work. This is 2011. What a shocking waste of talent and experience. The figure is probably even higher for certain disabilities, such as profoundly deaf British sign language users, and those with mental health issues and other specific disabilities.

Dame Anne Begg: I call the hon. Gentleman my hon. Friend because we have served on the Select Committee together. During the recent visit of the Committee to the Port Talbot-Neath Remploy, we met a group of pupils and a teacher from a local special school who were getting work experience in that factory—the only place where those youngsters could possibly get any kind of work experience. In the Aberdeen factory, the Remploy employment service is now in the factory, and the factory provides work experience places for people with disabilities. Does my hon. Friend agree that there is a role for the factories to help to support disabled people in obtaining experience that they can then use to access open employment, or other employment opportunities?

Stephen Lloyd: I thank my hon. Friend for that contribution. I agree entirely. Later on in my speech, I have a cunning plan about how Remploy could be better used, and that was a very good example.

There is a real need to step up the level of support available to disabled people, as well as tackling outdated and ignorant attitudes among career advisers and employers. I heard a good example only a couple of weeks ago. One of my constituents complained to me about the cost of fitting

"all these wheelchair ramps into shops."

I agreed wholeheartedly on the proviso that rather than spending all that money providing, say, escalators for non-disabled people to use at underground stations, why do we not just chuck a rope over the edge so that they can climb up? I think I lost that chap's vote, but there you go.

How best can we support disabled people into sustainable employment? That is the $64,000 question. The Sayce review makes a recommendation on how the coalition Government can use the £330 million budget for specialist disability employment support to help more disabled people into employment, and to help more effectively disabled people already in employment. This is the key: employment and retained employment. Currently, that budget is spent on Remploy, Access to Work and residential training colleges. To my mind, after years of studying these things, there are three key issues at stake: how our resources can be best used to help as many people as possible in the most effective way; whether disabled people should be supported in open employment or whether there is a place for sheltered employment; and how the future of current Remploy workers can best be protected.

On the first point, I offer some facts. We are spending five times as much on a Remploy worker as on a disabled person in open employment, yet with the right support, disabled people can have real careers—I know many disabled people who do—alongside their non-disabled peers in the open workplace. They are similarly skilled, similarly unskilled, similarly bright, and similarly less so. In fact, they are pretty similar to all of us here, but with different needs.

Mrs Moon: The hon. Gentleman makes the point that currently spending on a Remploy worker is five times more than on a worker in an ordinary job. Does he not agree that part of the problem has always been the high level of expenditure on consultants, the high level of over-management, and the high cost to each individual Remploy factory for central services? It is the management structure of Remploy, not the workers, that makes Remploy more expensive. Let us remember that and stop criticising the workers and start criticising the management structure and framework.

Stephen Lloyd: What is so hilarious is that I have been doing that for a long time. That point was being made years ago, when the previous Government were in charge. Yes, there is a grain of truth in it—of course there is. Remploy is top-heavy and sclerotic, but that is ancient history. I remember exactly the same argument when Labour was in charge. There is an issue and I will come to it later. We need to be smarter in the way we use Remploy, but that particular tack is so ancient, that if it was on the floor it would curl over and die.

Kelvin Hopkins (Luton North) (Lab): Another point that has not been made so far is that disabled people and disabled workers are not a homogeneous group, and disabilities vary enormously. One can see people with mild disabilities in open employment, and they may not require much subsidy, but those with more serious disabilities need protected workshops, such as those at Remploy.

Stephen Lloyd: I thank the hon. Gentleman for making that incredibly important point. The variability of the support that disabled people need is absolutely vast—it is like a length of string. Let me give an example. I missed a vote a few months after I was elected, because I did not hear the Division bell, which is not surprising, because I am half deaf. What was the solution? I made an adjustment in my office in Norman Shaw North, and I now have a flashing light there; it is not complicated, but there are some advantages. Of course, a lot of us in this Chamber sometimes appreciate it if we do not hear the Division bell, but that is by the bye.

However, that is a good example of what we are talking about. My disability is pretty minor—I have been hard of hearing ever since I got measles when I was six or seven years old—and one can accommodate it quite easily. However, someone with, say, profound mobility problems will need more support than someone like me, and someone with severe mental health issues will need even more support. I therefore entirely agree that this is not black and white, and it is not easy to pigeonhole people. If Access to Work is done properly, however, and there are other supporting mechanisms, it can be very effective, even for people with a profound disability, as I will explain a bit later.

Remploy employs 2,800 people, whereas Access to Work currently supports 37,000 and could support 70,000 if the budget were used better. Furthermore—this is unpopular but important—there are few new entrants to Remploy factories, as more and more disabled people are supported in moving to open employment. Given what the right hon. Member for Cynon Valley said, I am absolutely certain that some of the factories in the group are, despicably, not taking on some of the disabled people they should be; I cannot prove that, but I am sure she is right. However, one of the main reasons they are not taking on as many disabled people as they used to is that more and more of those who want to work are getting support to help them move into open employment.

Geraint Davies: Swansea Remploy, which I mentioned, is very productive and effective, but the voluntary redundancy scheme there and elsewhere was in danger of taking key people out of the production chain. Currently, Remploy's management has imposed a virtual employment freeze; the factory is, for instance, looking for a design technician, which is holding back orders. In other words, the Government and Remploy's management are preventing Remploy from succeeding, contrary to what the hon. Gentleman suggests.

Stephen Lloyd: I thank the hon. Gentleman for that intervention, but I am not sure it is true. That is the same situation as we had years ago—it really is. These things have not come out of the woodwork under this Government.

Geraint Davies: I got that information first hand on a visit to Remploy in Swansea last week. It has a showroom and it is getting new people in ordering things, but it faces production constraints because it cannot recruit the right people. It wants to recruit more people and to be more successful, but it is being held back.

Stephen Lloyd: I thank the hon. Gentleman for his further intervention. As I will explain later, the Remploy model needs changing. Remploy's corporate size is a disadvantage and makes it very sclerotic, so it cannot move swiftly to adapt to circumstances. The Government need to be more creative about how Remploy factories and branches within the corporate body act. I do not deny what the hon. Gentleman says—indeed, I am sure it is true—but I guarantee that it could have been said 10 years ago. I absolutely promise that, because I know the subject.

Mark Hendrick: The hon. Gentleman gives the impression that he feels that what has been said about the Remploy management is a specific criticism of this Government, but the management was equally inefficient and incompetent under the Labour Government. The issue is that some people are so profoundly disabled that they will never find mainstream employment, while there is a possibility that the majority he is talking about will get employment through Access to Work, even though that is extremely unlikely given the current level of unemployment.

Stephen Lloyd: I thank the hon. Gentleman for his intervention, but I disagree. We are in a different place from where we were a few years ago. Things will be challenging, and I wish the heck we were not in the economic mess we are in. However, I know from experience that people with certain disabilities would never have been employed 10 years ago, yet some of them are being employed now. None the less, I appreciate that things are challenging.

The reality is that, whether we like it or not, the global economy has restricted the market for Remploy factories, as the National Audit Office identified as early as 2005. As I said, Remploy's overall corporate business model makes it impossible to generate a workable profit even from the parts of the business that are viable. I therefore accept that Remploy's model is sclerotic, and it needs to be changed if Remploy is to have any success in the future. I will move on, because a lot of people want to speak.

We must be flexible. The economic climate dictates that, but it is also the right way for disabled people. We all know that we are living in incredibly difficult times, which is why it is even more important that disabled people receive individualised support to get jobs and stay in work. Access to Work is a shining example. Today, every Access to Work recipient brings in, on average, £1.48 for every £1 spent—a real success story.

We can take the steps necessary to prevent upwards of 300,000 people from losing their jobs each year for reasons of disability. Many could keep their employment if they got the right support and if Access to Work were promoted to them better via employers and health professionals.

Making Access to Work available to people taking up internships, apprenticeships and work experience could help to address the scandalously low employment rates among young disabled people, who are twice as likely as non-disabled young people to be not in education, employment or training. At present, they cannot even get their first chance of work, because Access to Work does not cover internships, work experience and apprenticeships. I am convinced they must be given that opportunity.

The reality is that there are many things we can still do, even in hard times, to increase equality. I would go so far as to say that it is even more important in difficult

times to push, promote and advocate the case for disability equality. Let me take this opportunity to ask the Minister directly—no, we did not agree this beforehand, believe you me—whether the Government will commit to a clear action plan to improve and promote Access to Work in line with the recommendations of the Sayce review.

The second issue is whether disabled people should be supported in open employment—this is important—or whether there is a place for sheltered employment. Having disabled people living, studying and working alongside non-disabled people is vital to achieving a more cohesive society. Therefore, it concerns me that this might be a debate over whether we should have sheltered or open employment, when it is more than that: it is about equality of access, as well as equality of opportunity; it is about giving more disabled people the tools and the power to run their own lives. For sure, there was a place for sheltered employment after world war two, when disabled people were routinely segregated, and sheltered employment was one of the few means for disabled people to earn an income, but that was almost 70 years ago.

It is worth bearing in mind the goal of Remploy's founder, the extraordinary George Tomlinson MP.

Kelvin Hopkins: The hon. Gentleman is talking about when Remploy was first established in the 1940s. During the war, everybody was employed, and there was also full employment for a period after the war. If Remploy was necessary then, it is surely even more necessary when we have high unemployment, as we have now.

Stephen Lloyd: I thank the hon. Gentleman for that intervention. George Tomlinson's goal was to help disabled people to secure open employment and to lead full lives, and the Remploy factories existed as a short-term solution for rehabilitation and learning new skills. Tomlinson never intended them to be places where disabled people stayed for long. As Andrew Lee, chief executive of People First, who happens to have a learning disability, has said:

> "People with learning difficulties want the chance to have the same job opportunities as everyone else. Organisations such as Remploy that segregate disabled people will not provide the opportunities to work that disabled people want for the 21st Century."

Surely, therefore, in this modern world, there is something wrong—we are back to Remploy—when workers are mostly disabled, but managers are mostly non-disabled. Many disabled people successfully run their own businesses, employing disabled and non-disabled people, so can it be right that we support in 2011—solidify, even—such an old-fashioned, paternalist attitude towards people with disabilities?

Andrew George: I respect the bravery of the case that my hon. Friend is making, although I have not necessarily come to the same conclusions. Recommendation 5 of the Sayce report emphasises choice for disabled people. One choice should surely be the stepping-stone of sheltered workshops. The problem with the recommendation is that, if the funding follows the disabled person, the money will not be in place to provide either the certainty or the capital investment to ensure that sheltered workshops will continue to exist, to provide that choice.

Stephen Lloyd: My understanding is that if the money follows the person—if, hypothetically, 15 people work in a workshop and the money follows them—that will be inclusive within the budget. I would be willing to check that. The key, for me, is that it is time finally to address the low expectations that some disabled people have, as well as to challenge stigma that comes from outside. That is why it is so important that disabled people should become more visible in open employment. We are in a completely different place from where we were 15 years ago, and I want to go five times further again.

Sayce identifies confident, well-informed disabled people as one of the key enablers to a successful disability employment support programme. Disabled people must therefore have access to the right support mechanisms and adjustments, as well as peer advice and mentoring. Often, where one disabled person has paved the way, others will follow. We have seen that many times. At Radar's MP disability dialogue parliamentary reception a few months ago, a deaf man came up to me after I had spoken and said that seeing a hard-of-hearing MP inspired him. It gave him the confidence and belief that, one day, he could also become an MP, if he chose. His choice, his belief and his life: that is what it is all about.

I profoundly believe that we all deserve those things. It is our right, whatever challenges we face, to aspire to be whatever we want to be, as long as society provides the right support to level the playing field—not to be given an unfair advantage, but just to be given the chance. I am convinced that there is an enormous well of disabled talent, which we must unlock. One of my reasons for coming into politics was to help to unlock that talent and to play a role, however small, in the mother of Parliaments, in making that difference.

Perhaps I can give hon. Members an idea of the size of the pool of talent: despite the good work that the previous Government did, shockingly, in 2011, more than 3 million disabled people are out of work—3 million, for pity's sake. That is an absolute scandal. If the whole budget for disability employment programmes were spent on evidence-based programmes such as Access to Work, many more disabled individuals would get the support that they need. We cannot just keep accepting the status quo.

If the budget were used better, we could double the number of people getting Access to Work to 70,000. Crucially, that would also send a clear message that the nation was no longer prepared to allow such waste and was determined to do what it takes to change a deplorable status quo. In the process, I am certain that a doubling in numbers could be the catalyst to a transformation in the area of disability. Bluntly, although I am sure that the Minister will not thank me for increasing her budget exponentially, I will not be satisfied until 1 million additional disabled people get into jobs through Access to Work. I leave the Minister to work out the sums. In the process, the Exchequer's tax receipts would go through the roof.

Thirdly, and equally importantly, how can the future of current Remploy workers best be protected? Again I will give some facts. There may be reasons for them, whether or not they are appropriate, but they are facts. About half of Remploy workers at any given time have no work. They are being paid for doing nothing. Is not

[Stephen Lloyd]

it much more fulfilling for someone to be paid for what they do, rather than because they are a disabled person in a Remploy factory?

I do not know whether anyone here has ever been in receipt of paternalistic charity, but I would lay odds that it is not a good feeling. I remember years ago a close friend of mine, who is a wheelchair user, explained to me that if he was insulted by, say, an idiotic and ignorant member of the public, he would feel anger. It was not something he enjoyed, but at least, as he explained, anger is empowering. He felt in charge, and that he was fighting his corner. What crucified him was when he was patronised—when a waiter in a restaurant perhaps talked to his wife about what he wanted to eat, rather than directly to him. What did he feel then? He felt shame, because that is what human beings feel when they are routinely talked down to. Although my friend knew that it was the non-disabled person who was at fault and who was ignorant, he still felt the shame. I ask hon. Members what they would rather feel: shame, or anger? I know my answer.

The subsidy could be better used to transform Remploy factories into individual viable businesses and to support more Remploy workers into open employment. The money freed up could then be used for more individualised support for disabled people. It is true that past transitions, under previous Governments, have utterly failed some Remploy employees because of insufficient individual planning and support, so it is vital that we learn from those mistakes and do things properly this time.

I urge the Minister to ensure that disabled individuals working in Remploy factories are fully involved and to offer them personalised support, not only with employment but also with family and community life. I call on the Minister to do things right this time, if we go down that road. If the Government do that, I believe that tremendous good will come from the Sayce review, and serious life-changing work will be done on cutting that grotesque figure of 3 million disabled people not in employment. Let us grasp the nettle and begin the journey. Let us make that difference, so that disabled people can be what I know they are—the equal of any of us in the Chamber today.

Several hon. Members *rose*—

Mr Dai Havard (in the Chair): Order. Before further debate, hon. Members can, clearly, look at the clock and do the mathematics as well as me. It was important to balance debate, and Mr Lloyd took several interventions. However, I ask the hon. Members on my list who want to speak to plan for about five minutes, including interventions.

3.27 pm

Paul Goggins (Wythenshawe and Sale East) (Lab): Strongly as I feel about the issue, Mr Havard, I shall bear your advice in mind. I congratulate my right hon. Friend the Member for Cynon Valley (Ann Clwyd) on obtaining this important and timely debate. I thank the Minister for the opportunity to meet a short time ago to talk about the factory in my constituency, which I appreciated.

I want to make the general point that it would be completely wrong and inaccurate to portray people who want to defend Remploy and keep Remploy factories open as opposing change and modernisation. I speak for myself, but I am confident that no one taking part in the debate, from whatever side, wants an old-fashioned model of factory life for any disabled person. There is no conflict between wanting to keep Remploy factories open and wanting Remploy employment services to do well. For those who can get into mainstream employment, that is great. I want the organisation to work well, but it is not for everybody. It is not an either/or question, but a both/and question. That is an important point.

The Wythenshawe factory in my constituency does print work and fulfilment work. I pay tribute to the manager, Mike Tarry, his predecessor, Alan Reeves, and Brian Anderson, the trade union rep there for many years. I worked closely with all of them. Altogether, there are 21 staff, 19 of whom are disabled. Their employment is life-changing for them and their families—we should not forget their families. That those people can go out and get a full-time job takes pressure off the family and gives parents a real sense of pride in their adult children, seeing what they can do in the world of work.

Four years ago, when the Wythenshawe factory was on a list, facing closure, I pulled together a support and action group including local housing trusts, the local hospital, Manchester airport and a number of private companies in my constituency such as Authentic Food Co., Virgin and Select Service Partner—serious organisations. We came together for two things: first, to save the factory, which, thankfully, we managed to do; and, secondly, not simply to congratulate ourselves on a successful campaign but to work with the factory to build up more sales and business. Based on that experience of the past four years, I want to make three points to the Minister, which I hope that she will bear in mind, along with the many others that will be made.

First—this has already been touched on—local factories must be given more autonomy and control over their budgets and business plans. There is no contradiction in making that argument and saying that we need Remploy to remain in place. The Wythenshawe factory contributes £135,000 to the central coffers of Remploy. It is particularly galling that the £3,700 a month rate relief from Manchester city council goes not to the factory but to the central coffers of Remploy, which simply cannot be right. The manager, Mike Tarry, has already demonstrated over recent months the kind of savings that he can make and the efficiencies that he can drive. If he had more control over the whole of his budget, he would drive efficiencies that, frankly, the centre of Remploy has failed to do.

Secondly, every Remploy factory should be a flagship in its own community, which is certainly the ambition in Wythenshawe. The ambition of the manager and staff is that every year 50 people will get work experience in the factory, so people can work there not full-time or for ever but in the short term on the road back to mainstream employment. People can use the experience of the factory in a variety of ways. The factory is about not only the long-term employment of 21 disabled people but all the other opportunities. My constituency has double the national average for people on incapacity benefit, and we need opportunities for disabled people to get back into work more than most. The idea of closing a factory as a way of getting more disabled people into work is ridiculous.

Finally, we, as Members of Parliament, all have a responsibility to promote our local Remploy factories. Let me give a couple of figures: this year, the Wythenshawe print factory will achieve its highest level of sales ever, £460,000; next year, sales are already predicted to be in excess of £600,000, including substantial contracts with JCB and the City Facilities Management part of Asda, which provides the in-house cleaning and so on for all its stores. Those are substantial contracts for the factory, and the trajectory of sales is upwards all the time. We work with the local authorities, other businesses, the hospital and the airport and airport companies to promote the business, so we are on the way. As has been said, however, the current uncertainty is making it difficult for the manger to get out there and to make sales, because people keep saying to him, "Aren't you closing? What's the point of doing business with you if you are facing closure?" So £600,000 sales have been predicted for next year, and if the factory can get sales up to £1 million a year, it will be self-sustaining and not need a penny from anyone.

I have a challenge for the Minister: locally, we are prepared to keep working to ensure that sales go up, but £250,000 of print from central Government would secure the future of the factory. Out of the millions of pounds that central Government must spend on print, that kind of figure must be possible. I openly admit that, when I was in government, we should have done more of that, but we did not. It now falls to this Minister to do more: £250,000 of print from central Government to the Wythenshawe factory would secure its long-term future without a penny of help or support from anywhere else. Then, perhaps, we can talk about different models of ownership, management and all the rest of it, but let us do so once we have the factory on a self-sustaining footing.

The idea that we should close factories to get more disabled people into work is preposterous. It is time for the Minister to be clear that that should not happen and that we should use the factories that we have as a basis for building a progressive and better future for disabled people in work.

3.35 pm

Roger Williams (Brecon and Radnorshire) (LD): It is a great pleasure to take part in the debate under your chairmanship, Mr Havard. I congratulate the right hon. Member for Cynon Valley (Ann Clwyd) on obtaining this timely debate, which has given hon. Members an opportunity to express their views on employment for disabled people and on how it affects their constituencies. The right hon. Lady reminisced about her time in the European Parliament, and I delivered a few leaflets for her in her election campaign, although by the time she stood for Westminster, in a by-election a few years later, I was on the other side. If I say that I am on her side today, it is to support the spirit of her argument.

I congratulate my hon. Friend the Member for Eastbourne (Stephen Lloyd), because he showed considerable courage to speak from his personal experience and from his experience of working with disabled people throughout the country as well as in his constituency. This afternoon, his contribution achieved something that is rarely seen in the House, because, to an extent, he changed the mood of the debate. He might not have carried everyone with his full argument, but he changed the mood.

I recently visited the Remploy factory in Baglan and was amazed to see the good work going on and the excellent materials being turned out. It is a furniture part of Remploy, and it produces laboratory equipment and equipment for schools, the Ministry of Defence and a number of other public sector bodies. I met representatives from the factory today, and I was told that they have a good order book and are putting on an extra shift. In its new way, Remploy can not only deal with employing people with disability but play an important part in the local economy.

I do not have a Remploy factory in my constituency, because, sadly, it was closed by the previous Government. I have seen a BBC press report that said that it is not closing but merging with the operation in Baglan, but I can tell the Chamber that it did not feel like that in Ystradgynlais when it was closed. A lot of people in my constituency still feel bitter, because many felt that they could not travel down to Baglan, took the redundancy and have not been able to find employment since. A number transferred to Baglan, and I met them when I visited. They are gainfully employed and enjoying that experience. Indeed, their families have written to me to say how desperate it would be for them if they did not have that opportunity in future.

My visit to the Remploy factory in Baglan was an extraordinarily positive experience on a number of levels. The operation is outward rather than inward looking, and it engages with the community. Many of the employees are taking training opportunities in local colleges, but the factory is also providing work experience for pupils with disability, so they can see what opportunities might be available to them not only in that factory but in the broader working market. It would be a real sadness if the facility closed down. It would be a loss not only for the people employed there, but for other people, who see it as an example of how disabled people can come into the workplace.

None of us disagrees with the argument that people with disabilities should have access to the broader market labour market. In more benign employment times, when employers came to me to say that they were short of people to work in their facility, factory, restaurant and so on, I have encouraged them to take a wider approach to labour recruitment and to recruit people whom they may not have believed could play a part in their business because of their disability or other needs. Those employers were rewarded with a talented, skilful and loyal work force as a result of broadening their recruitment process. There is a role for workplaces such as those provided by Remploy, and I shall be very disappointed if the Government cannot see that as part of providing work experience for people with disabilities.

3.41 pm

Nick Smith (Blaenau Gwent) (Lab): I congratulate the Backbench Business Committee on selecting this important issue for debate today and my right hon. Friend the Member for Cynon Valley (Ann Clwyd) and other colleagues on their powerful advocacy in support of Remploy. I apologise, Mr Havard, for having to leave early this afternoon, because I have a long-standing appointment.

Remploy workers have my wholehearted support. I know from the packed lobby of Remploy staff in Parliament in October that there is backing for them throughout

[Nick Smith]

the country, and I congratulate the GMB and Unite on their sustained and high-profile campaign on their behalf. Workers at the lobby were rightly furious about the prospect of losing their jobs.

The Abertillery Remploy factory in my constituency was opened in 1949, and in 1955 one of my illustrious predecessors, Rev. Llewellyn Williams, called on Ministers to ensure that it operated at full capacity, which was then 100 workers. Today, it has just 21 workers. Abertillery Remploy manufactures upholstery for wheelchairs, and it does a good job, but it needs more contracts and a management that properly sell the skills of its first-class work force.

The world has changed much since the 1950s, and the drive for full equality for disabled people is to be supported. In her review, Liz Sayce said that she wanted employment support that would meet the future aspirations of disabled people in the context of a changing economy and the big changes in the way we all work. I wholeheartedly agree with her top-level analysis, which must be right. Others today have outlined the Sayce review recommendations, and there have been some good proposals, such as giving Remploy factories the opportunity to put forward plans to form new businesses or to retain existing ones. It is important that those ideas are independently evaluated.

Sayce also said that non-viable factories should close and that Government funding should end. However, is that really the most sensible strategy in the current economic climate and when there are few new jobs in the south Wales valleys? Recently in my home town of Tredegar in Blaenau Gwent, which is one valley over from Abertillery Remploy, 250 people applied for 25 jobs in a new Tesco store that is about to open.

Sheffield Hallam university has recently reported on the impact of incapacity benefit reforms in different parts of the UK. Its report estimates that by 2014 the reforms will cut incapacity claimant numbers by nearly 1 million, 800,000 of which will be existing incapacity claimants who will lose their entitlement. As many hon. Members are aware, people on incapacity benefits are not evenly spread throughout the UK. There are large variations from just 2.3% of the work force in Wokingham to 13.9% in Blaenau Gwent in the south-east Wales valleys. Wales, the north-west, the north-east and Scotland are the areas that will feel the greatest impact of incapacity benefit reforms. They are areas where deprivation is high, and economies are weak. I am fearful that Remploy closures in places such as Abertillery will lead to its workers moving not to private sector jobs with the appropriate support, but to joining the dole queue alongside former incapacity benefit claimants. That is the reality of what will happen in many parts of the country

The GMB has told us that the majority of Remploy workers who lost their jobs in 2008 are still unemployed, so if the factory closures go ahead by April 2013, the prospect for current Remploy workers is bleak. The Government continue to axe jobs, and their plans for growth are weak. If recovery is choked off, thousands of Remploy workers will be put on the dole alongside other workers so, as hon. Members have said, it is likely that they will claim benefits instead of paying taxes. That forecast is troubling. However, I believe that Remploy can have a future, but only if it is allowed to modernise with Government support. If we can offer Remploy more public contracts, we should do so. Above all, the Government should get back round the negotiating table with Remploy workers and trade unions.

As others have said, the Government should explore the use of Article 19 of the EU directive on public sector procurement, which specifies the right of public bodies to reserve some contracts for supported businesses such as Remploy, and I encourage other bodies involved in public procurement to utilise that directive. I have been told that in Blaenau Gwent the local council is doing what it can to boost public procurement and that it wants a meeting with Remploy management and the unions in the new year. I know that other hon. Members want to speak, so I shall draw my comments to a close. In a nutshell, it pays to care and to keep Remploy workers in work and off welfare. I hope the Government will listen today and do everything that they can to secure Remploy employment in the future.

3.47 pm

Ian Lavery (Wansbeck) (Lab): I congratulate my right hon. Friend the Member for Cynon Valley (Ann Clwyd) on the debate. It is extremely important at this time. I place on record my congratulations and thanks to the trade union consortium that has done everything it can with the work force at Remploy to try to ensure that there will be employment in future, and hopefully at Remploy factories. Trade unions are often vilified in the House for many things, but that is a great example of fine trade unionism.

In his lengthy contribution, the hon. Member for Eastbourne (Stephen Lloyd) mentioned George Tomlinson, who was the Member of Parliament for Bolton and set up Remploy shortly after the second world war to look after people who had been disabled in the war. The hon. Gentleman was very selective in his quotations from Mr Tomlinson all those years ago, and I shall be equally selective. He wanted factories that would enable disabled people to live full and ordinary lives. He also wanted secure, open employment. I believe that his objectives all those years ago were the same as the objectives now. Nothing has changed. That is all that disabled people want. They are not asking for the world.

Under the Sayce report, 54 factories nationally are facing closure, and that is an issue for the Government. I hope that debates such as this will convince them that that it is not the right thing to do. Since 2008, there have been between 3,750 and 4,000 voluntary redundancies in Remploy factories. During the same period, there was a huge increase in senior management and a huge decrease—about 50%—in the number of disabled people who were allowed to have employment in Remploy.

I want to mention the Ashington factory in my constituency, but in view of what you said, Mr Havard, I will be as brief as I can. Many people have rightly mentioned their own constituencies, sticking up for their constituents. The Ashington factory makes commercial and garden furniture. As has been mentioned, initiatives are being driven by the workers, who do the printing, produce their own catalogues and deliver leaflets where they can, while senior management at regional level—not local level—are doing absolutely nothing to ensure that people in the Remploy factories are at full production.

So credit where credit is due to those individuals. All they want to do is work in the factory, but they see senior managers preventing them from doing so. It is a deliberate ploy. We are seeing it in other industries where people are basically strangulated and starved of work, which makes them look inefficient. It is not inefficiency; it is bad management.

The local team was fantastic. I also visited Newcastle Remploy in the constituency of my hon. Friend the Member for North Tyneside (Mrs Glindon). I met every worker and spoke to each individual, and everyone was fantastic. I had a great time. I got a great letter from them—I will not read it out. It was inspiring to be in the Remploy factory speaking to the individuals. Many of them have given a lifetime's service: 20, 25 or 30 years are not uncommon. They feel as though Remploy is in their blood. They feel they have given a lifetime to Remploy, so they do not want to be kicked in the teeth by the closure of the factory. Remploy has given them self-esteem and, of course, the independence that everybody wants.

I learned that the Ashington factory was bringing in young people from Cleaswell Hill special school in my constituency. They have severe learning disabilities, but it was agreed that for the first time in their lives, those young people could experience employment at Remploy in Ashington. It was a fantastic idea to bring those kids in. I spoke to them on a different occasion; many of them would not even respond when I first spoke to them. They had a tremendous experience. It was the first time that they had had the opportunity of any employment at all, albeit on a trial basis. I hope that Remploy will consider such schemes on a national basis so that we can look after the people who need that sort of work. We want to see such schemes extended. That is what Remploy is for: to look after people who have problems and who might not get work in mainstream employment.

The Sayce report will mean the closure of 54 factories. Up to 3,000 more disabled people will be on the dole, lacking opportunities. In Ashington, 33 or 34 people are applying for every single job. Where will that leave disabled people if they are made unemployed? They will have no chance of any employment whatever. We need to make sure that we look at that. The Remploy trade union consortium's survey shows that there is very little chance of work. If we look at the survey from 2008 to the present, how many people have been re-employed? It is absolutely alarming. There are 2.65 million unemployed people at present. What will happen in future?

We must listen to the voice of carers and parents of the sons and daughters who have had opportunities in Remploy factories. They are pleading with the Government to keep the Remploy factories open. That will give individuals income, independence, self-respect and self-esteem. It also means that they are not benefit-reliant and are not classed as scroungers.

Evidence shows that unemployment leads to severe depression in many cases. I could go on, but I see Mr Havard is shaking his head, so I will finish by simply saying that there is a case of serious mismanagement in Remploy. The answer is to ensure that management are accountable. They should stop paying themselves average bonuses of £4,600 every year. They should stop taking money from individual factories to pay for grand offices up and down the country. They should invest the money in the work force at Remploy. Many things can be done to ensure that we continue to look after the people at Remploy. It is often said that a society can be judged by the way it looks after its most vulnerable people. We must look after the most vulnerable and keep the plants open.

3.55 pm

John McDonnell (Hayes and Harlington) (Lab): The hon. Member for Brecon and Radnorshire (Roger Williams) said that the hon. Member for Eastbourne (Stephen Lloyd) changed the tone of the debate. He did, because he made me bloody—sorry; pardon me, Chair—furious about the discussion. I have worked on this issue since I served on the first Committee on Restrictions against Disabled People when I worked for the TUC in the 1980s. That committee tackled discrimination against people with disabilities. I have met Remploy workers since that time. I have met no Remploy worker who is ashamed of working for Remploy and who feels that he or she is receiving charity. I have met no Remploy worker who has lower ambitions than anyone else in the rest of society. Most of the workers I have met are proud of working for the company, proud of earning a living and proud of supporting their families. It is a disgrace to try to depict them in any other way, as the hon. Member for Eastbourne implied.

The debate around supported employment that I have been involved in over the past 30 years is based on two issues. One concerns the integrationist debate. When I served on CORAD, I was a forceful integrationist, both in terms of employment and education. I was concerned about separate provision. Over time, one becomes a pragmatist. In reality, without the Remploy factories, as we have seen from the redundancies, large numbers of people would be unemployed. The redundancies prove that point: 80% of the 3,000 who have been made redundant in the past three years are now unemployed. They did not find alternative employment, despite all the commitments to identify alternative employment, training and support. As far as I am concerned, there will always be a role for supported employment in some form.

The second issue concerns how we sustain such employment and asks whether supported employment should stand on its own feet, be profit-making and require no support from the state. That will never do. It will always require, at some stage, a subsidy through direct income from the state or through public procurement. That is the reality. Otherwise, it means putting 2,500 people on the dole. Members here today have made very explicit what will happen in their constituencies. With 2.5 million people on the dole, those people will never see work in the lost decade that we face. We must face up to that.

[Mr Joe Benton *in the Chair*]

Where do we go from here? We simply listen to the workers themselves. It is no use saying that these are hoary old arguments of a decade ago. They are old arguments, because no one listened then about the appalling management that was going on. There have been 40 consultants crawling over the business during the past few years. We think that anything between £5 million and £15 million has been used to employ consultants to come up with ideas, but no one has

[John McDonnell]

listened to the workers. Phil Davies and Les Woodward have done a fantastic job on behalf of the GMB, as has Jennie Formby on behalf of Unite. They have worked with Remploy workers to bring forward their alternative strategy, which identified a range of issues that Members have raised this afternoon: cut management costs, increase localised marketing, end centralisation, get consultants off people's backs and let Remploy members make their companies as profitable as they possibly can. That is all they are asking for; it is called worker involvement and worker control. The Government say they may look at mutualisation and co-operatives. I quite like the idea of a co-operative approach, but I do not want it to be used as an excuse for cutting people adrift from public subsidy or the commitment of existing European legislation to encourage public procurement.

My hon. Friend the Member for Swansea West (Geraint Davies) has demonstrated what can be done at local level by touring public agencies and ensuring that contracts are won. It is that simple; it is about listening to Remploy workers, and not patronising them but working with them and getting off their backs.

I am fearful. This debate is not about the theories behind integration and separation; it is a fight for 54 factories that are about to close unless we have a change of attitude from the Government. The Government response to the Sayce report was to go at that report, which effectively means cutting those factories adrift, and if they cannot stand on their own two feet, they wither on the vine. That is the reality of this debate.

I conclude with a quote from a Remploy worker—such quotes are moving statements from people and human lives that have been put at risk. Kevin Davies has cerebral palsy and has worked at a production plant in Baglan for 21 years. He says:

> "I have a role to play and I enjoy being here...I am working with nice people and there is an end product to my work. It has given me a quality of life and independence...Without Remploy I would be stuck in the house. Without it, where would I be?"

He would be unemployed and stuck at home like many of our constituents who are experiencing unemployment as a result of the redundancies so far. This is a fight for those factories, and if the workers want to fight with whatever means possible—industrial action; occupation—and we cannot persuade the Government to reconsider, I will be joining them.

4.1 pm

Jim Dobbin (Heywood and Middleton) (Lab/Co-op): I will begin by agreeing with my right hon. Friend the Member for Wythenshawe and Sale East (Paul Goggins): we are not against change or improvement, but we are against destruction, which is the big danger in this case.

On 1 December, I visited the Remploy e-cycle factory based at the Heywood distribution park, to which it moved from Radcliffe in Bury a couple of years ago. I was invited to celebrate the international day of disabled people and disabled workers and to present certificates to some long-serving employees. I was presented with a baton by the staff, which states:

> "Help relay the message. Thousands of disabled people across the country are aiming high, achieving more and fulfilling their ambitions!"

That is the logo on the baton, which I intend to present to my hon. Friend the Member for Aberdeen South (Dame Anne Begg) who is present in the Chamber today.

That was my second visit to the factory and it was intended to mark the achievements of disabled people in my constituency. The aim was to raise awareness about disability and to promote the fundamental rights of disabled people, so that they can be fully integrated into mainstream workplaces. That must happen, however, only when they feel ready for such as move and through their own choice.

There are 386 Remploy employees working in different factories in the north-west, and they do a fantastic job. The Heywood factory in my constituency repairs, cleans and recycles computers and laptops. E-cycle works closely with some Departments—I think that the Department for Work and Pensions is its largest customer, but there are others—and also with Manchester city council and Bury council, as well as a number of major private sector companies to which it provides electronic waste solutions and IT recycling. May I suggest to the Minister that more Departments provide work for and become customers of Remploy? Such a move would both support the system and be cost-effective.

When my right hon. Friend the Member for Neath (Mr Hain) was Secretary of State for Work and Pensions in 2007, he initiated the modernisation programme, which we are not against, as I have said, and he provided £555 million to sustain it. When the present Government came to power, they invited the chief executive of Radar, Liz Sayce, to assess the situation. I have great respect for Radar and have worked with it on many issues. In this instance, however, I am concerned about the proposals to make the system more independent from the Government. That is similar to what is happening in the public sector across the board and seems to illustrate what the Government are planning in public sector service provision. The trade unions are unhappy with the Sayce report. They see it as a break-up of Remploy that could mean wholesale devastation in the system.

The Disability Alliance supports the Sayce report, which it sees as a way to introduce and integrate skilled disabled people into the workplace and the community, and I accept that. My experience of visiting a local factory, however, demonstrated to me that the present system offers a comfort zone to some vulnerable individuals and groups and that those people work confidently and feel comfortable in such a system. My local factory provides a highly-skilled service and runs a complex system. E-cycling is difficult. Cleaning laptops and refurbishing computers for industry, not only for the UK but for export, is a complex matter.

In my view, the changes envisaged by Sayce are premature and wrong, and they are happening when, as hon. Members have said, unemployment is increasing. Unemployment among disabled people is also rising, and now is the time for consolidation and support for the existing system, albeit an improved existing system.

The Remploy system need strengthening, and as I have already said, it would be good if more Departments, public sector organisations and local authorities put work the way of Remploy. It is important to retain the dignity of every Remploy employee, and to continue supporting them in the workplace. Unemployment is at its highest level for many years, and Remploy factories are threatened with closure at this sensitive time.

I have a personal interest in disability as I have two grandsons who are wheelchair bound. I want a system that will be there to support them when they reach working age and help them through life—that is not asking an awful lot.

I will conclude by stressing that the high level of support among Members who have Remploy factories in their constituencies and want to see Remploy remain sustainable has been illustrated by some of the strongly worded early-day motions that have been placed in the Table Office over the past few months. I think that Remploy management and the trade unions should be better consulted on the entire issue, because we are about to lose a very worthwhile service.

4.8 pm

Geraint Davies (Swansea West) (Lab/Co-op): I will be brief because other hon. Members wish to speak. I have already said that active intervention locally can make a difference, and in my discussions with the Driver and Vehicle Licensing Agency, the university and the health authority, we transformed the sales of the Swansea factory, quadrupled turnover and increased gross margins by tenfold. That is a case for more localised management and sales support and for removing the cap on overall marketing expenditure, which is less than 1% of turnover. All marketing literature must be checked by civil servants who have no idea about local needs.

My second point is about subsidies. The Sayce report states that the average subsidy is £23,000, but averages can be misleading. We all know that the cost of someone being unemployed is normally about £10,000 in benefits and lost tax. In the case of many of the people who work for Remploy, it would be much more because of the health on-costs. That needs to be properly evaluated financially.

Remploy works across a diverse range of markets. There is a case for focusing on whether there are greater growth opportunities and for examining the different business cases, rather than saying that it is a case of either closing all the factories or keeping them all and having no change. I do not think that anyone is arguing for no change.

There is a case for focusing on people with severe disabilities. Obviously, those with particularly severe disabilities need particular subsidies and support if they have virtually no chance of securing other forms of employment. There is a case for considering specific labour markets. In areas with very high unemployment, it is clear that those people will not get a job. There is a case for considering public procurement, as has been said.

It is also important to consider the specialist opportunities in relation to Remploy. For instance, Swansea Remploy is a specialist provider for young offender institutions in Scotland. It makes furniture that young offenders cannot destroy. They cannot break those things; there are no screws that they can pull out. It also provides furniture for mental institutions so that the residents cannot self-harm. The value is in tailor-made, focused transactions, where delivery is within budget and within the time frame. As I have already mentioned, it is important to ensure that key players and key skills are there to make the factories succeed.

People have mentioned that the factories provide an opportunity for training. Training is vital in manufacturing if we are to get back into growth and stop focusing completely on cuts. Clearly, if we just sell off the factories, we will see a fire sale of capital assets and the loss of the skills for ever. That is not sound financial management.

My basic theme is this. Let us focus on what works and make it work better. Let us accept that people with disabilities of varying sorts need subsidies. No one is saying that they can go off and succeed without any support. Let us use the levers at our disposal to make that work and stop just thinking about how we go about closing down 54 factories and making 2,500 people redundant. Those people are valuable assets in society, in our economy and in our future. Let us keep them doing that.

4.12 pm

Mrs Mary Glindon (North Tyneside) (Lab): It is an honour to speak under your chairmanship, Mr Benton. I add my congratulations to my right hon. Friend the Member for Cynon Valley (Ann Clwyd) on securing this Back-Bench debate, because for many months workers in the 54 Remploy factories across the country have been waiting for the Government's decision about their jobs. Given the massive unemployment figures announced this week, I can only imagine that the anxiety felt by those workers has been heightened.

I am proud to say that my own union, the GMB, has been supporting the workers at Remploy and last month handed in a 100,000-name petition at 10 Downing street. Quite rightly, it called on the Government to save Remploy. There is clearly a place for trade unionism in modern Britain when workers face such an unfair fight.

I am speaking in the debate because one of the 54 factories, Remploy Newcastle, is in my constituency, at Benton Square industrial estate in Palmersville, and it has been on that site for the past 32 years. There are 57 full-time employees at the site; 55 of them have disabilities. Those workers produce bedroom furniture, bed bases and mattresses, and assemble and pack cable glands for CMP Products—a locally based company. In recent years, the factory has also provided very successful work placements for more than 100 trainees. In total, 90% of the work undertaken at Remploy Newcastle is for north-east companies. That factory is therefore very much part of our local economy.

Given the threat of the workers at Palmersville losing their jobs, through no fault of their own, I am sure that hon. Members will be able to understand why they are frustrated about the unnecessary redecoration of their factory and the change in Remploy colours, which has resulted in all signage and stationery being changed at the cost of thousands of pounds. They know that they have fantastic skills, including in upholstery, joinery and commercial sewing, but those skills are being wasted as they see their work being deliberately dried up. They and their unions are rightly angry that, during the past five years, more than £15 million has been spent across Remploy on consultants.

On behalf of the Remploy workers and the unions that support them, I ask the Minister to continue to fund Remploy, but instead of taking heed of the recommendations in the Sayce report, which makes no case for the future of Remploy, she should consider the alternative strategy set out by the consortium of trade

[Mrs Mary Glindon]

unions. That strategy makes sense. It sets out a complete review of the whole structure of Remploy, which would result in a much more efficient, sustainable organisation.

Does the Minister really want to be responsible for ruining the livelihoods of so many disabled employees? Does she really want to risk her reputation by making her final decision based on the evidence of a report that many consider to be flawed? Does she have the courage to examine a real viable alternative that will not only save jobs, but create a more efficient organisation and support many local economies across the UK? Will she consider the alternative strategy set out by the consortium of trade unions?

4.16 pm

Ian Lucas (Wrexham) (Lab): It is a pleasure to take part in the debate. The hon. Members who are here have displayed a great deal of passion. Much of that passion is due to the fact that we have constituents who work in Remploy factories and that those factories are in our constituencies. When there was a proposal to close Wrexham Remploy, which I know very well, in 2007—a similar situation to that described by my right hon. Friend the Member for Wythenshawe and Sale East (Paul Goggins)—I learned how strongly the work force felt about working in a factory with their colleagues in Wrexham. I also discovered how powerful the support in the Wrexham community is for the factory. A local councillor, David Bithell, led a campaign to keep the factory open, and for a number of weeks in Wrexham town centre a great deal of support was expressed from within the community.

Like my right hon. Friend, we took forward a campaign to get more work for the Wrexham factory, which involved more orders for the furniture being manufactured there. I am pleased to say that that approach has borne fruit, and only yesterday Wrexham council made the decision to take forward the purchase of furniture and equipment from the local Remploy factory. I cannot understand for the life of me why that has not been happening for the past 60 years, and it must be the model that we follow in the future. I am very pleased to see the Minister nodding her head in that respect, because the problem with the Sayce report is that it proposes a model that will take that opportunity away.

None of us wants a situation in which people are forced to work in Remploy factories, a situation in which we create ghettos for disabled people. We want choice for those people. My concern about the Sayce report is its implicit and explicit statements that the opportunity to work in individual factories, supported by the local community, will be taken away. There is a very superficial nod in the report to the possibility of individual factories remaining open. The report talks about how local factories will have the opportunity to survive in the private sector. Let me tell the Minister that many businesses are having a great deal of difficulty surviving in the private sector at present. Local Remploy factories are not being given the information to enable them to prepare to build up a meaningful business case for their own future.

I wrote to the Minister when I saw the proposal in the Sayce report and asked her for the details of the income and expenditure for the Wrexham Remploy factory, which is pretty basic in preparing a business plan, but she refused to give that to me. She said:

> "Remploy operations continue as normal and it is therefore not appropriate at this stage to make available commercially confidential information on factory operations."

How on earth can Remploy factories that are facing closure prepare for the future and try to put together meaningful business cases, when the Government, who propose to close them, will not give them the information that they need to take forward business plans? Will the Minister please start to recognise that the people who work in those factories and the communities around those factories feel passionately about them? Will she start to be serious about supporting the factories?

Individuals deserve a choice, but the Sayce report will take that away. The report suggests that there is no future for Remploy factories across Britain, but that is entirely the wrong decision. Will the Minister please ensure that she does not become known as the Minister who destroyed Remploy?

4.20 pm

Nia Griffith (Llanelli) (Lab): I congratulate my right hon. Friend the Member for Cynon Valley (Ann Clwyd) on forcefully making the case to the Backbench Business Committee to secure this debate. The debate has been extremely well attended, particularly by the Opposition, considering the many other distractions on a Thursday afternoon, including an important by-election.

I pay tribute to my hon. Friend the Member for Swansea West (Geraint Davies) for his fantastic work with the Fforestfach factory. He brushes over it lightly, but the work of going out to get all the public procurement, simply from a meeting back in March and in just three months over the summer, to change the situation of having virtually nothing in the order books to having those books absolutely full and going out to big purchasers, such as the national health service and the Driver and Vehicle Licensing Agency, to ensure that there is work for that factory, shows what can be done.

I endorse the comments made by my right hon. Friend the Member for Wythenshawe and Sale East (Paul Goggins), who said that there is no divide between the factories and other schemes to help people get into work, and we need both mechanisms. In theory, nothing stops a worker in a Remploy factory from finding a job elsewhere, but the reality is defined by the shocking unemployment figures—an increase was announced yesterday, and further increases are predicted in the new year. Many Remploy factories are situated in unemployment hot spots. In the constituency of my hon. Friend the Member for Rhondda (Chris Bryant), who was present earlier, 20 people are chasing every single vacancy, and I know that many hon. Members have similar situations in their constituencies.

Remploy workers find themselves competing with a whole range of people who have been made redundant from public sector jobs and private sector companies that rely on securing sales contracts, which have been drastically cut, with the public sector. Many in the private sector are not surviving the economic disasters that we are encountering at the moment. All those people are looking for jobs, and people from Remploy factories find themselves in a difficult position, particularly if a large number of them are made unemployed at the

same time. I am not patronising Remploy workers, because the same would be true if any other factory in my constituency were to close. If a large number of people with similar skills enter the jobs market together, they will have many difficulties in finding employment.

The key is economic growth. We are currently looking for mechanisms to create more jobs in the private sector, but we have seen little in the way of strategy from this Government. We have not seen an upsurge in the private sector, which is not creating jobs in the way it was supposed to. There do not seem to be any Government strategies for doing so. Where we have Remploy factories, infrastructure, machinery, products and some markets, why are we throwing all that away? It is nonsense. Every individual factory needs to be looked at carefully, and strategies need to be developed for each factory to maximise its potential, so that its products can be marketed properly.

Marketing seems to be key. If the marketing strategy is put right, as seems to be the case in Wythenshawe, Aberdeen and Swansea West, the purchases will come in and the order books will fill up. If we can do that, we can make the factories as viable as possible, and we can help to create jobs. If we do not do that, the on-costs and health costs of people being unemployed will be enormous.

We would do a much better job if we made the factories as viable as possible, while keeping the Government support at a sensible pace. We cannot turn the factories around overnight, but we can make them more economically independent and viable over a period. We would always welcome a mix of workers with disabilities and workers who do not have disabilities. That would bring people together, and we would like to see that mix, which is already happening in many factories. We want viable places, and we want the products that are made to be sold.

That brings me on to public procurement. Assembly Members have a policy by which they purchase their furniture from Remploy factories. I have purchased furniture from Remploy factories for my office. We need much greater awareness. My hon. Friend the Member for Wrexham (Ian Lucas) asked why it has not happened before. Well, it used to happen, when there was a greater coming together of public purchasing. For example, local authorities once purchased everything for their schools together, before they began to have local management of schools and began to buy their own things in different ways. We need to return to the same sort of consortium purchasing, where we look at what is available or to make what is available more obvious. I have learned, even in this afternoon's debate, of some products I did not know Remploy was involved in producing. There is a lack of awareness, because an awful lot of people just do not know what can be purchased.

Dame Anne Begg: When my Select Committee visited the Neath Port Talbot factory, we discovered that it had had full order books, because it had won a contract for Building Schools for the Future, which was, of course, cancelled by this Government. It was beginning to struggle a bit.

Nia Griffith: Absolutely. Remploy factories, just as many other private firms, have suffered considerably in the cuts to the construction programmes and Building Schools for the Future, which have kept much of the private sector going when the construction sector has been in absolutely dire times since 2008. That is an important point.

We need to look at public procurement policies thoroughly. We must encourage every single sector in public procurement to look at the whole range of products available from Remploy and conduct specific marketing on that. I am absolutely convinced that we can make the factories more viable by doing so.

Currently, we need continued support and an individual assessment of each factory to ensure that everything is being done to make each factory the best and most viable business possible. We also need a determined public procurement policy to save our Remploy factories.

4.27 pm

Lindsay Roy (Glenrothes) (Lab): It is a pleasure to serve under your chairmanship, Mr Benton. I add my congratulations to those who have secured today's debate.

This is a vital time for those facing threats to their supported employment, and indeed to their welfare, well-being, health and self-esteem. I shall curtail my comments because I endorse many of the points that have been made about procurement and management.

Why on earth should we abandon an existing state-funded model purely for ideological reasons when in many factories real dividends are patently being achieved? With modernisation, a lot more could be achieved. In Leven, Fife, in my constituency, Remploy marine division makes high-quality lifejackets and sells them at home and in international markets. It is highly competitive, and its order book is full. Yes, the company receives a Government subsidy for each employee, but as I said, Remploy is highly competitive. Its employees use their initiative and enterprise, and they are well-trained. Remploy remains in the vanguard in the development of a specialist, niche market. The subsidy is really an investment in people, ensuring meaningful work for disabled people in a sheltered environment. It provides decently paid work for thousands of people up and down the country who would find it immensely challenging to find employment elsewhere.

I wrote to the Minister about the Leven factory and asked what the difference would be between having its 29 employees in supported work and paying them unemployment and disability benefits. I find it incredible that she could not tell me. To proceed to factory closure without doing comprehensive homework is, at best, cavalier and I suggest that it is, to a degree, irresponsible, even in relation to that small factory.

The closure of a factory in an area where there is 18% unemployment would not only devastate a viable business but an integrated and mutually supportive community. Let us make no mistake: although the factory requires Government investment in people and in the narrowest definition it may not be financially profitable, in the widest terms its dividends to the community make it a profit-making enterprise. That is the case with many other Remploy factories too.

This Government say that they believe in choice, and the importance of choice is substantiated by a very articulate young man who works at Remploy in Leven. I make no apology for quoting from a letter that he sent to me and indeed to the Minister:

[Lindsay Roy]

"Work is seen as being hugely positive for a person, for their social status, their relationships - both in professional and personal terms - and their health and well-being, and also their monetary income. My engagement at Remploy was a deliberate choice - there were other options open to me. My experience at Remploy has facilitated independent living - and I have gained at Remploy things that cannot be bought with wages - but rather earned through my daily relationships at work. I refer to dignity, self-belief, respect, routine and structure - and the qualities that engender self-reliance and unique identity - an identity that is not defined by my condition. They ingrain me with a sense that I am a fully functioning member of society - and it is this human capacity - and the potential removal of high quality work, for ideological reasons, that lies at the heart of the matter."

That young man is highly critical of Liz Sayce's branding of Remploy jobs as non-roles and subsequently non-jobs, and her descriptions of Remploy factories as "ghettos". I challenge the Minister, following her visits to Leven and elsewhere, to dissociate herself from those alleged remarks.

The Minister's central theme is that resources should be focused on disabled people themselves, rather than on institutions. "Institutions" can be considered in this context as a pejorative term and the description of Remploy factories as "ghettos" is offensive. Remploy factories, which are work organisations where individuals can grow and flourish, must be part of a mixed model of provision to meet the legitimate needs and aspirations of disabled people in our society.

Finally, given the arguments that have been put forward today, I would like an assurance from the Minister that the current Remploy model, with modernisation, will remain part of any future planning for supported employment. I am sure that the quality of output, the sense of pride in a job well done and the business and community spirit witnessed by the Minister in Leven is replicated in many Remploy factories throughout the country. The existing model, with modernisation, makes perfect sense as an option for supported employment. The way that we treat disabled people is a benchmark of a civilised society. I urge the Minister to treat Remploy employees with the dignity, respect and priority that they so richly deserve. They want to continue playing their part in contributing to the economy and wider society, with all the dividends that that brings. If a disabled community in the Remploy factory in Leven can make high-quality life-saving buoyancy jackets that are competitive internationally, surely it is not beyond the wit of Government not only to keep the factory afloat but to strengthen its business stream and extend a further lifeline to its employees.

4.33 pm

Mrs Anne McGuire (Stirling) (Lab): Thank you very much, Mr Benton, for calling me to speak. It is a pleasure to respond to this debate on behalf of the Opposition and to serve under your chairmanship. I also particularly want to thank my right hon. Friend the Member for Cynon Valley (Ann Clwyd) for leading the debate today, and the Backbench Business Committee for allocating time for it. If there is one thing that all of us have learned over many years, it is that Remploy and its future are of abiding interest to many Members from all parts of the House.

I also want to act slightly at odds with normal parliamentary procedure—since we are not in the main Chamber, I think that I can probably get away with it, subject to your ruling, Mr Benton—by thanking those disabled people from Remploy who have travelled to observe this debate, including members of the trade unions GMB, Unite and Community, who had not been mentioned before in the debate. It is an indication of how the staff at Remploy feel that they have made this journey at this point in the week and at this point in the day to hear this debate. Regardless of the views that have been expressed—there have been some differing views, including some subtly differing views—I hope that those staff will recognise that people in this place take Remploy and the issues affecting disabled people and the future of disabled people very seriously indeed.

I also want to thank my hon. Friends the Members for North Tyneside (Mrs Glindon), for Glenrothes (Lindsay Roy), for Bridgend (Mrs Moon), for Wansbeck (Ian Lavery), for Swansea West (Geraint Davies) for Aberdeen South (Dame Anne Begg), and the hon. Member for Eastbourne (Stephen Lloyd) for their contributions to the debate. I will come back to the points made by the hon. Member for Eastbourne shortly. I am also grateful for the interventions that were made by my right hon. Friend the Member for Wolverhampton South East (Mr McFadden), and the hon. Members for St Ives (Andrew George) and for Brecon and Radnorshire (Roger Williams). I realise that I have missed out my hon. Friend the Member for Hayes and Harlington (John McDonnell) in my list, but I remember his very powerful contribution to the debate.

For very personal and obvious reasons, I congratulate my right hon. Friend the Member for Wythenshawe and Sale East (Paul Goggins), because he and I had many a long conversation about the Remploy factory in his constituency and the model that it provided; I will discuss that model later. He illustrated today that, where we can galvanise a community and put in energy and commitment, we can make a Remploy factory work. Indeed, that comment was echoed by my hon. Friends the Members for Llanelli (Nia Griffith) and for Wrexham (Ian Lucas), who highlighted that where local leadership is shown, we can make a difference.

Paul Goggins: I pay tribute to the work that my right hon. Friend did as the Minister with responsibility for disabled people when we were in government and I thank her for the encouragement that she gave to me in the days when we were trying to establish the support group for the Remploy factory in my constituency; she has just referred to the conversations that we had about that issue. Does she agree that, as one or two Members have already mentioned, a key group in any area is local councillors? Councillors are community champions who provide links to the local authority and, because of their experience, they can also help to scrutinise some of the development proposals. Indeed, will she join me in paying tribute to the councillors in my area and elsewhere who have done that?

Mrs McGuire: Yes, indeed. We can also look at some of the more successful examples of supported employment, including factories where disabled people work, that have had unstinting support from local authorities. Not all of those factories are Remploy factories. For example,

the Royal Strathclyde Blindcraft Industries factory in Glasgow has had enormous input and support from the local authority. It has supported the factory through thick and thin, and hopefully now through thick again, but obviously business conditions may change.

As I said earlier, I want to refer to the comments of the hon. Member for Eastbourne. I think that everybody who has spoken in the debate accepts—at least, I hope that can be said of everyone—that there is a change in expectation among most disabled people, and certainly among their spokespersons and the organisations that represent them, and that disabled people want to have a range of choice in employment. Disabled people want the same range of choice that non-disabled people have. Government support is crucial in helping to deliver on those aspirations. I say gently to the hon. Gentleman, who I know has a long and honourable history of working in the disability movement, that we cannot deliver on the aspirations for the majority if we trample over the expectations of the few. In many respects, that is the dilemma that we face in discussing the current issue.

I have heard today from many right hon. and hon. Friends and hon. Members about their own experience of the Remploy factory in their own constituencies. I share their admiration for those factories, because there is a Remploy factory in Stirling. I visited it on the international day of disabled people and took the baton from a young man who works there. As has been said of other Remploy factories, that company of people in that factory in Stirling recognise that Remploy is not only about a job but about a wider network of social support, economic support, health support and all the things that disabled people look for. Indeed, Liz Sayce, in her report, recognised the value of the Remploy environment, and I will read an extract from page 96:

> "It was clear from this review that the best factories offer job satisfaction, a supportive and accessible environment and a reasonable income for those they employ. The factories have provided employment opportunities – sometimes for many years – to disabled individuals. They have also provided a sense of community for their employees. Some have pioneered learning and development, often led by Union Learner Representatives, through which individuals have (for instance) learnt to read for the first time, or worked towards qualifications. While some sheltered workshop environments pay staff less than the minimum wage, Remploy factories pay above the minimum wage and offer good terms and conditions."

I am not going to run away from the fact that, like the Minister, I have wrestled with some of the issues about Remploy. I understand the tensions between wanting to open up everything to disabled people and the fact that some disabled people want to make a different choice, and we have to be careful about how we interpret the perceived settled will of disabled people. We also must recognise the legitimacy of a position that is not the mainstream view of the disability movement—to close sheltered factories—which is that factories should be maintained, to give disabled people a choice. That was always the position, and those of us parliamentarians who are veterans of the Remploy modernisation programme will remember that my right hon. Friend the Member for Neath (Mr Hain) made it very clear that there was still a place within our range of opportunities for supported factory employment.

I want to probe the current consultation with a series of questions to the Minister, which I hope she will be able to answer, if not this afternoon, in the very near future. In opposition, the Government supported a five-year modernisation plan, so why did the Minister embark on a review nearly two years before that timetable had been exhausted? I suggest that the five-year plan effectively had only two years to run before there was a general election, so why did the Minister go for the current timetable? With the greatest respect to Liz Sayce, the five-year plan did not come out of a review, in a few short months, but was the result of extensive financial investigations, consultations with the disability lobby before a consultation document was published, and extensive and sometimes very robust discussions with the Remploy board and the trade unions, which some of us here will remember. We felt that there had to be a plan with a time frame that would allow Remploy to turn the business around.

We have heard today that some of the factories are being turned around, that order books are overcrowded and new businesses are coming in. I agree with my right hon. Friend the Member for Wythenshawe and Sale East that there are still some issues about top-heavy management and decentralisation, and we had the five-year time frame so that the issues could be worked through, between the board and the trade unions, with the continued support of Government. I can say this only in the kindest fashion: the current situation has created uncertainty among workers, and indeed among management, about what will happen, and that is stymieing the development of Remploy the business. I have some sympathy with colleagues who suggest that there might be a bit of a withering-on-the-vine strategy behind that.

Given the Minister's intention to embark on this course of action, what action did she take to involve the board of Remploy and its trade unions in discussions about the issues identified in the Sayce report? What recognition did she give to the trade union analysis of the current operation of Remploy's enterprises and the questions it raised about the company's business practices? Did she take any opportunity to discuss some of the issues with the unions? I am not talking about post-consultation discussion, after the paper was published, but about developing the consultation in line with the people who have a strong input into the process. There is a feeling that the consultation is flawed, not least because the Minister perhaps did not appreciate all the implications of the phrase on page 18:

> "Government is minded to accept the recommendations of the Sayce Review".

I do not understand how someone can put out a consultation and then say what they are minded to do before the results have come in.

When the modernisation statement was made to this House on 29 November 2007, the now Minister of State, Department for Work and Pensions, the right hon. Member for Epsom and Ewell (Chris Grayling) made the following commitment:

> "Let me assure Remploy and its employees that the next Conservative Government will continue the process of identifying additional potential procurement opportunities for them and the public sector work force."—[*Official Report*, 29 November 2007; Vol. 468, c. 451.]

What efforts have the Minister and her ministerial colleague made to fulfil that promise? What discussions has she had with the major procurement Departments, including the Home Office and the Ministry of Defence? Has she looked to ensure that her own Department has considered

[Mrs McGuire]

even more ways in which it could open up procurement opportunities for a business in which it has a significant investment? What discussions has she had with colleagues in the Department for Communities and Local Government to encourage local authorities to consider opening up opportunities for individual local factories? What efforts has she made to encourage her colleagues to identify procurement opportunities under article 19? If she is still "minded" after the consultation process closes, what responsibilities will the Government have towards Remploy?

Why is the current pension scheme issue raised in the consultation? Currently the DWP guarantees the company pension scheme, but would it still exist? How would it be managed, and would the DWP have a role in that management? Is the pension fund currently in surplus or deficit, and by how much? If it is in shortfall, what measures will be taken to deal with that? It looks as though the Minister has the figures to hand, but if she does not I would be pleased if she could advise us after the debate. What range of companies does she have in mind that might wish to buy all or some of the Remploy factories? Has she, or have her officials, had any communication with any such interested parties?

The Minister indicates in her consultation that staff might wish to consider acquiring the enterprise businesses, and that they could do so. The consultation also indicates that expert advice would be there to assist, but would any provision be made for a front-loaded capital investment on the part of Government? Would the DWP consider a legacy to those factories, given the deep and extended relationship between Government and Remploy? Those are all unanswered questions in a consultation.

Ian Lucas: My right hon. Friend is making a powerful case. Does she agree that one great weakness of the Sayce report is its complete lack of detail about what alternative model for going forward would be available to individual plants and factories? We are in a state of uncertainty about those individual plants, and they have no real knowledge of what is proposed for their future if the proposals go ahead.

Mrs McGuire: My hon. Friend is correct. I do not blame Liz Sayce for that, as her report dealt with principles and the direction of travel, but we can criticise the consultation for lacking fundamental details on some of the questions affecting the disabled people who currently work for Remploy.

If the businesses are to be transferred, what provision will be made to safeguard terms and conditions? Will they be guaranteed under the Transfer of Undertakings (Protection of Employment) Regulations 2006, or will people be sacked and rehired under inferior terms and conditions? Liz Sayce complimented Remploy on delivering good terms and conditions for its workers, but again, the consultation says nothing about that.

The consultation mentions a comprehensive package of support, which is one of the Sayce recommendations. What does the Minister have in mind? What kind of support will it be? How will it be delivered, and by whom? Has she factored the costs of that support into her budget for the winding-up of Remploy? What assessment has she made of the costs invoved in selling off the factories and winding up Remploy enterprises, including all the calculations relating to redundancy payments, liabilities and creditors, a point made by my hon. Friend the Member for Glenrothes? How do they relate to the current budget, and how much money will actually be transferred to other Government support programmes after all those issues are taken into account?

Dame Anne Begg: On the Government's Work programme and their desire to get more disabled people into work, without the factories, there will be fewer opportunities for work experience to give people the skills, expertise and background that will allow them into open employment. We cannot do away with the factories if we are serious about getting people with severe disabilities into open employment. The only employers likely to be able to give them that experience are those such as Remploy factories.

Mrs McGuire: My hon. Friend makes an important point that has been echoed by other colleagues in this debate. The Remploy factories have changed how they operate, including working with local special needs schools. They open up opportunities. She will know that they are not a destination but a stepping stone to the world of work. Disabled people can work in a range of industries and with a range of skills. I support the opening up of opportunities, with the support of trade unions, workers and management, as part of modernisation. At a factory in Causewayhead in my constituency last week, I was told how many people were coming to the factory through the training annexe. Training opportunities were being opened up to a range of disabled and non-disabled people. She makes a good point.

I have left one important issue until the end. Why has the Minister decided effectively to renege on a deal made with people who decided to stay with Remploy under the modernisation programme? I refer her to page 19 of the consultation document, which says:

"The implication of the recommendations in the Sayce Report is that, if accepted"—

she has already said that she is minded to accept them—

"Remploy in its current form would not exist...The Government will therefore not be able to give undertakings that staff",

who are covered by protection of their working conditions, salaries and pensions,

"will not be made compulsorily redundant as a result of such changes, including the modernisation group."

Modernisation came about as the result of protracted and difficult discussions. I will be disappointed if the Minister and her Government run away from the decisions and agreements made and accepted by her party when they were in opposition to maintain terms and conditions even for those who chose not to or were not in a position to move into other full-time employment. That was our deal with people who had given a lifetime of service to Remploy. Frankly, if my interpretation of her consultation document is accurate, I am disappointed.

The Minister cannot distance herself from the economic situation in which we find ourselves, a situation underlined by yesterday's unemployment figures. Does she accept that even if she is minded to make that decision, making it in the current economic environment looks almost like abandoning her duty of care to the disabled employees who have given many years of service to the company that she effectively owns?

The Minister cannot hide behind the views of the disability lobby to justify her actions. Indeed, one leading disability organisation, Scope, while accepting the principle of closure, says on page 101 of the Sayce review:

> "However, given the harsh economic climate, we recognise the need for transitional protection for the 3,000 employees currently located in the Remploy factories and suggest that full closure is deferred until the employment environment has recovered."

Even one of the organisations supporting the direction of travel says that now is the wrong time to make that decision.

During the past two hours or so, the Minister has heard the passion and commitment expressed by hon. Members from all parties. I hope that she will seriously consider those points of view. I hope that her phrase that the Government are "minded to accept" was an unfortunate slip of the pen and that her mind is still open. Not only do disabled people fear unemployment, they experience fear every day due to negative media headlines about disabled people and their lives in the community. I think that she is an honourable lady, and I hope that as a result of this debate, she will take away some of the points made and see that there is a flexibility of approach and that nobody is tied to a model of Remploy that is stuck in the past. We want a network of supported factories in local communities and linking into local networks that deliver good-quality jobs and experiences for many young people for many years to come.

4.58 pm

The Parliamentary Under-Secretary of State for Work and Pensions (Maria Miller): It is a great pleasure to serve under your chairmanship, Mr Benton, and under that of Mr Havard, who is no longer in his seat. I congratulate the right hon. Member for Cynon Valley (Ann Clwyd) on securing this debate and right hon. and hon. Members on making a strong case on their constituents' behalf for the importance of providing the appropriate support for disabled people to get into employment. I, too, note that many people in this room today other than right hon. and hon. Members have an interest in that.

It is also important to note how much time hon. Members have taken to come talk to me. My hon. Friend the Member for Eastbourne (Stephen Lloyd), the hon. Member for Swansea West (Geraint Davies) and the right hon. Members for Wythenshawe and Sale East (Paul Goggins) and for Cynon Valley have all taken a great deal of their own time to ensure that they put their views in a measured and sensible manner, and I thank them all.

It was interesting to follow the right hon. Member for Stirling (Mrs McGuire), who speaks for the Opposition. Having been in my place, she is right to say that we face a dilemma. She stated that she understands the tensions. I have no doubt that she does, having done this job before me, but what was not clear is exactly what the Opposition's position is. She might feel that she has made her position clear, but it was not clear to me.

Mrs McGuire: I have made it clear that we expected the five-year plan that was in place to run its course. The problem is that it is the Minister who has to wrestle with the decisions, but I have made our position very clear.

Maria Miller: The right hon. Lady and I are, therefore, absolutely at one. This Government have made it clear that, despite the very difficult financial situation that we have inherited, we will continue to support the modernisation plan. We are in year four of that plan, and it is absolutely right that we should plan for the future. It would be wrong and a dereliction of our duties not to look to the future, particularly given the fact that the modernisation plan has, it pains me to say, struggled to be achieved.

The right hon. Lady and others have asked a lot of detailed questions. I want to answer as many of them as I can, so I hope that hon. Members will forgive me if I keep interventions to a minimum. The first was the right hon. Lady's question about whether we support the modernisation plan. The answer is absolutely. We are in year four of it. There is great concern about the failure to meet its targets, but we are continuing to make sure that the money is available and that we put in the required effort to see the plan continue.

I discussed both the modernisation plan and the Sayce report with the trade unions and the Remploy board at a recent meeting in Leicester, and my officials will have further meetings with the unions in, I think, the second week of January. The right hon. Lady should be reassured that we are trying to do the same thing as the previous Administration, which is to take something that was created in 1946 to rehabilitate ex-service personnel after the second world war and try to find a sensible and constructive way forward in these difficult times.

The right hon. Lady also talked about a number of issues in relation to terms and conditions for those in the Remploy plan who took redundancy. I am sure that she already knows this, but I wish to clarify that those terms and conditions were for the period of the plan.

The world has changed immeasurably over the 65 years since Remploy was established. Our responsibility as constituency Members of Parliament, Ministers and Opposition Members is to make sure that we look forward to the future and make sure that we have the right support available for disabled people to be able to reach their full potential in life. That is our responsibility and our Government's focus.

In Britain, our manufacturing industry faces increasingly competitive markets from overseas. The overall development of Remploy over the years has not been focused on the business environment in which it operates. That is a plain fact. Some sectors, such as the automotive sector and CCTV, have been able to develop offerings of higher value-added products and services, but they are the exception, not the rule. The vast majority of the network continues to produce products that, as a nation, we are more used to seeing imported from overseas and, indeed, at lower costs.

Fifty-five per cent. of disabled people in this country work in offices, shops and public services, and—my hon. Friend the Member for Eastbourne has talked eloquently about this—increasingly want to be involved in all aspects of employment and be part of a national work force. When I talk to employers such as BT, Royal Mail and B&Q, I start to feel heartened about a change in attitude among employers towards employing disabled people. That is only a start, and there is still a great deal more to be done. I do not underestimate the challenges that we all face to overturn entrenched attitudes.

Jim Dobbin: It just so happens that, before I came to this debate, I attended a reception held by the Council for Disabled Children in the Jubilee Room next door. A young man spoke to me about the situation, and I told him about this debate. He told me that he had just lost his job. I asked him why, to which he replied, "Because I am disabled." I asked him how he was disabled, and he said that he was deaf. He has tried and tried to get re-employed, but he has failed.

Maria Miller: I thank the hon. Gentleman for his intervention. The answer is that there is a great deal of legislation that would support that young man. I hope that the hon. Gentleman's advice to him was to seek legal redress, although the particular instances of the circumstances would need to be taken into consideration. Our responsibility is to plan for the future and for young men like that who want to be able to work in the same jobs as their peer group in a class, and to make sure that they have the ability to do that, not only through legislation, but through the attitudes of their employers.

Procurement has been mentioned a number of times. Indeed, the right hon. Member for Cynon Valley raised the issue right at the beginning of the debate. It has been suggested that an increase in procurement sales, particularly from local authorities, would resolve Remploy's current problems. In its briefing for this debate, the GMB initially chose to criticise the support provided by local authorities for Remploy, but, for the record, I want to thank local authorities for their support for Remploy. The hon. Member for Wrexham (Ian Lucas) has talked about his local authority's work in that regard. Moreover, the local authorities in Blaenau Gwent, Swansea, Merthyr Tydfil and Newcastle already support Remploy. Indeed, my own county council in Hampshire also supports Remploy and is very proud to do so. It is important that we do not underestimate the existing support. We are most grateful and thankful for it.

Ian Lucas: Local authorities cannot support Remploy if Remploy is not there.

Maria Miller: The hon. Gentleman will know that the consultation talks about freeing Remploy from the control of Government and making sure that successful organisations can continue to thrive.

To return to the specific point that Members have addressed at great length, there are examples of local authorities and Remploy working together, but the problems in the factories will not be addressed by that alone. Article 19, to which Members have referred, is clearly a way to help public bodies use supported businesses, but it does not address the issue of value of money that procurement officers always need to consider, nor does it guarantee that Remploy will be given work in competition with other supported businesses.

The issues currently faced by Remploy factories are not new, and concern over the increasing cost, low productivity and sustainable jobs for disabled people has been an issue since the 1990s. The operating loss for the factories has increased into tens of millions of pounds, and the steps taken under the modernisation plan, which was rightly introduced by the previous Administration, including closing and merging 29 sites, has simply not addressed the fundamental weakness in the business model.

The right hon. Member for Cynon Valley mentioned my comment that I was minded to accept the consultation's proposals. I want to make it clear that I have not yet made a final decision about the consultation, but I am persuaded that there is a need for change and that the Sayce review suggests a persuasive model for such change.

Gemma Doyle (West Dunbartonshire) (Lab/Co-op): Is the Minister aware—I believe that she is—of the Blindcraft factory in Glasgow, which is a very successful supported employment workplace? Will she acknowledge that it is the business plan, not the business model, that is failing, as the management themselves acknowledged to her and me earlier this year?

Maria Miller: I thank the hon. Lady for her intervention. We have met on several occasions to discuss the issue. There are examples of areas where there can be success. Indeed, the hon. Member for Swansea West has walked the talk and made sure that the procurement issue has been uppermost in his local authority's mind, and he has been very successful in that regard. There are opportunities for success, but the problem is that that success is not across the board.

I have already confirmed that the amount of money going into specialist disability employment is not the issue, because we have protected that pot of money. This is about ensuring that that money works hardest for disabled people. This is not about reducing funding; it is about using the money most effectively in whatever way that comes about. We have to consider those alternatives.

I have met Remploy trade union representatives on a number of occasions to discuss the matter. I have visited factories and listened to the views of employees, and I attended one of the consultation events in Reading in September. Let me restate that the Government's commitment is to the five-year modernisation plan introduced in 2008. We are now in year four of that and those targets are not being met.

Last week, Remploy published independently audited annual reports and financial statements for 2010-11, which revealed that the Department for Work and Pensions spent £68.3 million supporting 2,200 disabled people in Remploy enterprise businesses at an annual cost of £25,000 per person. That is £5 million more than in 2009-10 and is more than 20% of the total budget available to help disabled people into work through the specialist employment budgets. We have to take a long hard look at the situation.

Geraint Davies: Does the Minister accept that there is a case for some job subsidy, even if it is as low as the amount that that person would otherwise be paid for unemployment benefit and health on-costs, or is she going to stick to her guns and say that there should be no subsidy and we should therefore make a loss to the Exchequer?

Maria Miller: The hon. Gentleman asks a very detailed question. He knows that we have not yet made the decision about the way forward. A significant amount of money is available to support disabled people. My hon.

Friend the Member for Eastbourne talked about the Access to Work programme, which he rightly said is exceptionally effective. The Sayce report clearly says that if decisions are made about the prioritisation of the available money, more money—significant amounts of money—could be yielded to support Access to Work. That could well be the sort of support that the hon. Gentleman's constituents in Swansea West would want.

John McDonnell: Will the Minister give way?

Maria Miller: Will the hon. Gentleman forgive me if I make some progress? He and others have raised a lot of points, and I want to be able to deal with them.

The chairman's annual report confirms that, last year, on average, half Remploy's factory employees had little or no work to do and that the operating results for the factories have been significantly out of line with the modernisation plan. The perception that Remploy has turned work away is, I am afraid, simply unfounded. Some bids have been unsuccessful because they do not have the required capability or capacity in the factories, and sometimes Remploy has been outbid on price.

The right hon. Member for Cynon Valley talked about the order books being strong. The simple truth is that, even at full capacity, the factories are still making large losses, which demonstrates that the business model is wrong. That is why I asked Liz Sayce to review not only Remploy, but the specialist disability employment programmes that we have available.

The annual report also confirmed that Remploy employment services have been able to secure 20,000 job outcomes in the past year at a one-off unit cost of £3,300 per job. We should absolutely applaud that. Remploy employment services have been making great headway for many thousands of disabled people. I should like that to be recognised in this debate.

My hon. Friend the Member for Eastbourne talked about alternative support for disabled people, particularly Access to Work. I absolutely understand his support for that programme, which has great potential if we have the funding available to support it. We should all be pleased that there are opportunities in all our constituencies for Remploy employment services to help disabled people into employment through the work that it does with organisations such as Asda, BT, Marks and Spencer, Sainsbury's, Tesco, McDonald's, the Royal Mail and the NHS. That has been its achievement over the past 12 months; indeed, results of a similar magnitude are predicted for the next 12 months.

I shall talk briefly about some of the specific points raised by hon. Members. The hon. Member for North Tyneside (Mrs Glindon) asked whether I would consider the consortium of trade unions plan. Absolutely. I will look at all the plans that have been put to us. I am particularly interested in the trade unions' approach. The Secretary of State and I have made it very clear that we would be delighted for the trade unions to propose ways that they want to work with us to free the factories from Government control and to ensure that they can have a successful future. We will always be open to thoughts being given to us on that front.

The hon. Member for Wansbeck (Ian Lavery) talked about the involvement of the workers in the Ashington factory in his constituency. It is absolutely to be commended that the workers in that factory are involved in building a success of the business. There are 27 people in the Ashington factory, but I remind him that there are more than 10,000 disabled people in his constituency. I want to ensure that more of those people get the sort of support that they need, so that we can ensure that they are not only in employment, but reaching their potential in life.

The right hon. Member for Wythenshawe and Sale East raised a number of incredibly important points. He and I have had long and, for me, useful discussions about his experience in this area. His main point was the importance of ensuring more local control and autonomy for the factories. He is very much echoing the Sayce review in saying that, if we are to drive effectiveness and have a successful network of factories in the future, it might be useful to consider enabling people such as the manager whom he talked about to have more autonomy. Again, there are 19 people at the factory in his constituency, where more than 15,000 disabled people live. I want to ensure that more help is available for them to be able to succeed in their lives and secure jobs that they can do.

The hon. Member for Blaenau Gwent (Nick Smith) talked about the fact that it pays to care. Again, he and I are as one on that. He talked about the importance of ensuring that people who are subject to changes in their jobs are looked after. For the record, some 1,809 redundancies were put in place by the previous Administration. The figures seem to have got jumbled up over time, so I thought it would be useful for hon. Members to have the facts. Some 1,611 of those people were disabled. Indeed, when we consider the facts and figures, we can see that just under 40% of those individuals took early retirement. Some 252 people took modernisation terms and continue to be in employment elsewhere. Of those people who took the support on offer, some 70% found work. The problem was that not enough people took that offer of support. That is the learning from the previous modernisation plans that were put in place.

The hon. Member for Hayes and Harlington (John McDonnell) was very critical of the previous Administration in his comments. I would not be so critical. I think that they were trying to do the right thing.

John McDonnell: Will the Minister be clear about the future before she finishes? She says that she accepts the Sayce report. The Sayce report says that Remploy enterprises will be given six months to prepare a business plan and then 24 months to implement it, by which time all subsidy will be withdrawn. So there will be no subsidy within two years of the implementation of a business plan. Is that what the Government are saying?

Maria Miller: No, that is not what the Government are saying. The Government are still consulting on the Sayce review, as the hon. Gentleman will be aware. I have said that we are minded to accept these things, and as we move forward, we might or might not accept proposals in that report. We may accept them piecemeal or in their entirety. That is yet to be decided, so he will have to bear with me—as I am sure that he is willing to do—for a little while longer, so that we go through the proper processes with all these things.

The hon. Member for Swansea West—I see that he is not in his place—talked about there perhaps being problems with recruitment. Yes, indeed, because of the

[Maria Miller]

austerity that we are under at the moment, controls on new Government recruitment are in place. Owing to its non-departmental public body status, Remploy is covered by those controls, but I absolutely assure hon. Members in the Chamber today that since the austerity measures came into force, Remploy has successfully applied for exemptions through this process, where requests have been approved, to ensure that we can continue commercial operations. There are absolute safeguards in place to ensure that the business can continue in the way that it needs to.

The right hon. Member for Cynon Valley mentioned expensive consultants. She and I have a joint dread of the idea of having expensive consultants in place. I assure her that since austerity measures have been introduced, Remploy has not used consultants. I cannot speak for the previous Administration, but that is something that we feel very strongly about.

The hon. Member for Wrexham talked about when financial information will be available. As I have already made clear, no decision has been made on the recommendations of the Sayce review to date, so it would not be appropriate or possible for me at this stage to release financial information on a decision that is yet to be taken. We have to ensure that we adhere to the right proprieties. He would expect us to do that as a Government, and I assure him that, as soon as decisions are made, the appropriate information will be forthcoming for anybody who is interested in that detail.

The Remploy pension scheme has been mentioned. To assure individuals who may be concerned about comments that have been made about that, the Government have promised to protect fully the accrued benefits of pension scheme members in the event that the pension scheme were to close following the implementation of the Sayce review recommendations. It is an unfortunate fact that we have identified a £104.6 million deficit in the valuation of the pension scheme, which we inherited. A deficit repayment plan has been put in place, which is important because we want to ensure that both employees and pension scheme trustees are confident in the propriety of the finances of the scheme. Payments of £7.4 million, £25.8 million and £21.5 million have already been made into the scheme, which shows the commitment that this Government have, in tough economic times, to ensuring that we stand by our obligations and our commitments to Remploy staff.

I want to ensure that the right hon. Member for Cynon Valley who secured the debate has a few minutes at the end to sum up.

Ann Clwyd: I am very happy to give my time to the Minister, because there are a lot of questions left unanswered. If she would like my extra time, I am very glad to give it to her.

Maria Miller: That is extremely kind of the right hon. Lady. I have managed to race through most of the issues that I want to cover—I think that I have actually managed to cover almost everything raised by hon. Members.

Gemma Doyle: The Minister is drawing to a conclusion, but I do not think that she has mentioned the issue of bonuses, which we discussed earlier this year. She promised to look at the scandalous practice of management still collecting millions of pounds in bonuses. Has she decided to take action on that?

Maria Miller: The hon. Lady has raised the issue of bonuses before. I think I can remember either writing to her or perhaps replying in detail. It is vital that any business is run in a proper way. As an incoming Government, 18 months ago we took over a set of commitments that the previous Administration had put in place. That included many things including not only the modernisation plan, but the issue of bonuses for senior managers at Remploy. The performance incentive payments in the annual report—the statement made this year—relate back to 2009-10. The executive directors are contractually entitled to those payments, but, unfortunately, those contracts predate this Administration. The hon. Lady may know that there are legal issues that we have to be aware of. The Department has no power to limit bonuses, but from 2010-11 all Remploy's executive team and senior managers have agreed to cap their bonuses in line with the senior civil service bonus cap. That was a particular request made by the Secretary of State, so that we can ensure that there is some— *[Interruption.]*

John McDonnell: Are they getting a bonus? Even though they are failing, are they getting a bonus?

Maria Miller: As the hon. Gentleman has just heard me say, his Government put those contracts in place. *[Interruption.]* Sorry, Mr Benton, I was not giving way.

Mr Joe Benton (in the Chair): Order. Either submit an intervention, or allow the Minister to answer.

Maria Miller: Thank you, Mr Benton. I was in the process of trying to answer that intervention. What is very clear is that there are legal issues. We are contractually obliged to pay those bonuses, and we have been advised that there is no alternative. The hon. Gentleman can take that up with his colleagues.

Stephen Lloyd: I thank the Minister for giving way. I very deliberately have not intervened, because the previous Chair was very kind and gave me a long time and people were very patient, but I am grinding my teeth a wee bit. Does my hon. Friend agree that this has been going on for years under both Governments and is incredibly intractable, which is why we are still here? The whole issue is a complete red herring. We have absolutely no choice, because we have to implement what the previous Government actually agreed.

Maria Miller: My hon. Friend is absolutely right that we should not get away from the facts here. Disabled people listening to this debate expect us to show a way forward for the future. All the meetings that I have had with the leading disability organisations on this issue have made it clear that disabled young people, as was said in an earlier intervention, want to ensure that they have sustainable jobs in the future. Those disabled young people want to make sure that they learn the skills that will give them those sustainable jobs into the future, which is my priority. That is where I want to ensure the Government's funding is being placed. We have made it clear that this money is ring-fenced, so it is secure.

The issue is about getting the best outcomes for disabled people. Some hon. Members questioned whether this was the right way forward. I tell them first, second and third that we will make sure that the priority is the best outcome for disabled people. That is what comes first rather than vested interests or the history, because we have to look at the future.

Lindsay Roy: Will the Minister distance herself from the comment that Remploy factories were ghettos?

Maria Miller: The hon. Gentleman is asking me to comment on something that I do not think I would ever say. *[Interruption.]* What I would say is that we have to listen to what disabled people want. Disabled people tell me that they want to live independent lives in communities like everybody else. To be able to do that, they want to have the jobs that everybody else would expect as well.

I fear that I will run out of time if I do not wind up my remarks quickly. In conclusion, getting this right is absolutely crucial for millions of people—millions of our constituents. It is only right that we take the time to consider the consultation representations before making any decisions. I have not yet made a decision about the future, and an announcement will be made as soon as is practically possible. Hon. Members can be sure that I will consider carefully not only the points that have been raised today, but the points that have been raised by hon. Members and right hon. Members in the many meetings that we have had in recent weeks. However, we need to look at the evidence. We need to be driven by that evidence and ensure that we are committed to the best decision for the future of disabled people. I recognise how vital it is to join up with work across Government to improve employment outcomes for disabled people. I have already answered one of the requests in the Sayce report to establish a cross-Government Committee that considers disabled people's employment.

Ann Clwyd: Disabled people want jobs and the jobs are not there. Where are they going to come from?

Maria Miller: The right hon. Lady makes a timely intervention. She will know that in her constituency 37 people are employed in a Remploy factory, and she has more than 13,000 disabled people in her constituency. My responsibility is to ensure that more of those 13,000 people get the support they need to get into work. We know that there are almost 700 vacancies in Jobcentre Plus in her area, and that Remploy employment services in Merthyr Tydfil has placed 254 disabled people into employment. In the Rhondda, that figure is 163 disabled people into employment; in Bridgend, it is 251.

5.30 pm

Sitting adjourned without Question put (Standing Order No. 10(11)).

Westminster Hall

Tuesday 20 December 2011

[Sir Alan Meale *in the Chair*]

First Great Western Rail Franchise

Motion made, and Question proposed, That the sitting be now adjourned.—*(Greg Hands.)*

9.30 am

Sarah Newton (Truro and Falmouth) (Con): It will be a great pleasure to serve under your chairmanship this morning, Sir Alan. Before I begin, I would like to thank my colleague, the hon. Member for Plymouth, Moor View (Alison Seabeck). Although I secured the debate, my hon. Friend, as I shall call her today, has worked very hard with Members across the region to co-ordinate our action to enable us to work as a team, because the rail franchise is important to everybody who lives in the south-west. I welcome the opportunity to debate the Great Western rail franchise before the public consultation begins, so that the Minister and her team at the Department for Transport—it is good to see them this morning—who will work on the draft franchise document, can listen to the views of key stakeholders and of hon. Members who represent constituents who depend on this vital service.

The rail franchise will not be the only one in the region, but it is vital. The Penzance to Paddington line, with all the branch line connections, is central to the connectivity of the south-west with the rest of the UK and international markets. The new franchise will be let in 2013. As part of the Great Western franchising process, the Government intend to issue a consultation document, which will include the opportunity for individuals and organisations to give feedback on the draft franchise specifications. It will be helpful if the Minister confirms today that she intends the consultations to start in January and conclude in April 2012.

I want to ensure that the mistakes of the previous Great Western franchise are learned. TravelWatch recently reported that the 2006 Great Western franchise proved unacceptable for all involved—passengers, politicians and the operator. After representations by concerned stakeholders, a fare strike and a top management reshuffle, significant timetable enhancements were made and additional rolling stock procured at extra cost to the taxpayer and the operator. We must avoid a repetition of that with the new franchise.

I have welcomed the fine words of the coalition agreement on reforming our railway system, and specifically on reforming the franchising process. In July, I welcomed the findings of the Government's review into how rail franchising can be improved. There is widespread agreement that the existing system has become too prescriptive at the point of bidding and lacks flexibility once operational. Arguably, Government now exercise more control over the railways than they did in the days of British Rail.

Earlier this year, the Government set out the key principles for the new franchising process, which can be summarised as follows. The specifics of each franchise will be decided on a case-by-case basis, with bidders having a greater role in helping Government to refine and define specifications. The Government will set demanding outcomes for operators to deliver, but also give them more flexibility to decide how best to achieve those outcomes, thus giving greater space for operators to plan and run their services more commercially. Longer franchises should expand the opportunity for operators to invest in improvements, as well as enable them to strengthen their working relationships with Network Rail and other stakeholders.

There have been reviews and consultations over the past 18 months—most notably the McNulty review. As the Secretary of State said to the House last month in a written statement:

> "Our railways are currently the most expensive in Europe. That is something we...must tackle. The recent review by Sir Roy McNulty found scope to cut rail costs by 30%—up to £1 billion a year. My Department is committed to working with the rail industry to develop a strategy to deliver a better value railway for the benefit of passengers, taxpayers and the wider economy."—[*Official Report*, 15 November 2011; Vol. 535, c. 42WS.]

We all want to achieve that balance through the refranchising process.

The re-letting of the Great Western franchise will be one of the first of its kind to test the new process, so today, I want to share with the Minister some feedback that I have received from key stakeholders, and hon. Members will have the opportunity to give their feedback. First, I will summarise the key findings of the report published by TravelWatch in the south-west and the research undertaken by Passenger Focus. They agree with those of us who are here today that the south-west is well placed to contribute significantly to sustainable growth in the UK. Rail users and the business community see better connectivity as key to growth and the reduction of congestion, thus reducing sub-regional disparities in wealth, while accommodating the fastest growing population in England. In terms of gross value added, the south-west is projected to grow at a rate second only to that of London and the south-east. However, other parts of the UK are more productive, and that is largely due to the south-west's poor transport links to other major parts of the UK. According to the university of Bath, productivity decreases by 6% for every 100 minutes of journey time from London.

The boom in south-west rail usage puts the industry's planning forecasts in question. Usage has almost doubled since privatisation and virtually tripled in the Bristol travel-to-work area. Growth is not confined to the main line and the principal conurbations; branch lines throughout the south-west are the fastest growing in England, so the invitation to tender must give more priority to capacity. There is likely to be a capacity gap of about 100 million seats on mainline services over the next decade, despite the planned introduction of new inter-city express trains. The franchisee should deal with overcrowding, not by increasing fares to deter travel, but by having the right to bring in additional rolling stock without months of negotiation with Whitehall.

Mr Adrian Sanders (Torbay) (LD): I congratulate the hon. Lady on securing the debate. Unfortunately, I have to leave at 10 o'clock for a Select Committee. Overcrowding goes to the nub of the issue. We recently gained extra carriages, but that has not even kept up with the increased demand on the branch line services to which they will be given. It is crucial that whoever gets the new franchise

[Mr Adrian Sanders]

plans for additional growth to ensure that people are not put off travelling because they cannot get a seat or the train is overcrowded.

Sarah Newton: My hon. Friend makes an excellent point. Like Torbay, the maritime line in my constituency, between Truro and Falmouth, has been fortunate, and we are grateful to the Department for Transport and Cornwall council for contributing to extra carriages to ease some congestion. He is absolutely right; in the new franchise, it is essential that branch lines and increased capacity on them be considered alongside the main line. The south-west has suffered the lowest level of investment in its transport network and much of the system is already nearing the end of its planned life.

The region I am talking about today stretches from Wiltshire, Bristol and Gloucestershire, across the peninsula to the west, including Dorset, Somerset, Devon, Cornwall and the Isles of Scilly. The line is well over 300 miles in an east to west direction. Road and rail arteries have to travel disproportionately longer distances than those in the midlands or the north of England, because the populations are sparse and the distances between economic hubs greater. Whitehall has not understood that peninsular geography well since the post-war nationalisation of the former regional rail companies; therefore, over the years, Whitehall business case models for strategic investment have often not delivered extra investment in the south-west.

The decision to invest £5 billion in modernising the route from London to Bristol and Cardiff and to Oxford and Newbury is welcome, but the disruption caused by work on the main line and Crossrail will be felt across the franchise until the end of the decade. Without extra investment, electrification could adversely affect millions of passengers, beyond the electrified lines, such as those using the services from the south coast to Bristol and south Wales, to Weston-super-Mare and Taunton, services west of Exeter and those parallel to the M4 corridor from east Wiltshire through west Berkshire.

The Government are committed to progressive electrification of the network, which should be a priority for lines serving major employment centres, such as the Bristol travel-to-work area. It should also be a priority for diversionary routes to Bath and the far west via Westbury, and Wales via Gloucester, because that would relieve the Severn tunnel to Wales. Bidders should be encouraged to develop proposals for additional electrification schemes and to specify how they intend to meet any capacity shortfalls.

Reliable services are essential for business and for passengers. Investment should focus on eliminating bottlenecks and enhancing capacity to ensure delivery of reliable, user-friendly, clock-face timetables. The Government say that they want people to have a voice on service provision, and we all say hooray to that. The new franchise is an opportunity to give local stakeholders a say in their rail services. It may be time to explore whether the devolution of responsibility for infrastructure and operations to local partnerships might better align services to local needs.

Timetable planning must deal with existing pent-up demand and substantial latent growth. Today's service levels barely meet demand. The franchisee should be incentivised to provide additional services where needed, particularly with the surge in demand that comes with electrification. There must be a mechanism for regular reviews of the service requirement with stakeholders. Passengers need a reliable, seven-day railway and the opportunity to travel somewhere and back in a day. Rail should do more to exploit that competitive edge by speeding up longer distance journeys to places such as Plymouth, Torbay and the far west.

The franchise's trains are already by far the oldest main line fleet in the country. Bidders should have replacement plans for the diesel train fleet, with carriage lay-out and seating designed to accommodate the needs of the contemporary passenger. Where through-services are not practical, connections need improving. They need to be made more convenient, with adequate platform staff to assist with changing trains. Better co-ordination with the wider public transport network should be encouraged, and multi-modal and multi-operator information and ticketing should be promoted. The opening up at Old Oak Common of an interchange directly linking with Crossrail to Heathrow, High Speed 2 to the north and the proposed new link to High Speed 1 and the European high-speed rail network should be supported as providing a step change in connectivity to the south-west.

Stations can be focal points for the communities that they serve. Bidders should consider their improvement with imagination, and welcome active community involvement. The ticketing system should be made simpler and ticket purchase made easier, with greater use of electronic ticketing and a less punitive approach towards passengers who mistakenly travel on the wrong train with a restricted ticket. There is a continuing need to obtain value for money from lightly-used services if they are to be sustainable. The use of less onerous infrastructure and maintenance standards and light-weight vehicles could be appropriate without in any way jeopardising safety.

South-west lines that are run as community rail partnerships have experienced record-breaking passenger growth. The franchisee should at least match local contributions, which would therefore encourage complementary contributions from local authorities and other partners. The Government should encourage stakeholders to contribute their local insights, expectations and aspirations to the specification process.

I would like to share the feedback that I have received from some of my constituents about the rail services in my constituency, which reiterate the point made by my hon. Friend the Member for Torbay (Mr Sanders). We very much appreciate our branch lines and think that they should be included in the franchise. We are very concerned that if branch lines are not compulsory and stipulated by the Department, it would be possible for a future operator to choose not to run those services if they became financially unviable. Especially for those of us from Cornwall, it is also important that the Department stipulates the need for a sleeper service to Cornwall. We would very much like to hear a commitment to the potential upgrading of the service to include modern facilities, such as en-suite showers and toilets.

In relation to the current franchise specification, the Department for Transport could also consider improving journey times between Cornwall and London. The requirement to make stops—often for very few passengers—at all stations slows the train down. I would like the

Minister to consider whether some London trains could have fewer stops, with passengers using local services to connect with larger stations such as Truro. That would dramatically reduce the journey time between Penzance and London.

Cornwall has a fantastic record of support from the local authority, local volunteers and local business. As a result, the maritime line is the fastest growing rural line in the UK. This could be an opportunity to make partnership working and localism an integral part of the new franchise by empowering the local authority with direct involvement in the specification of services. It is also very important that the franchise is realistic about growth. The number of vehicles currently operating in our west fleet is 147. The original franchise specification for 2006 said that 102 vehicles would suffice. The new franchise must start from where we are today—cuts would be absolutely unacceptable—and recognise the considerable potential for growth over its period of operation.

The fact that there is a range of hon. Members here today representing a broad range of constituencies across the south-west shows that this is a vital franchise, which will be a very good test of the Government's new franchise regime. We want to work with the Minister to ensure that the new franchise meets the key principles that the Government have set out while, at the same time, improving the service on the Penzance to Paddington line and the many important branch lines that support it.

9.46 am

Alison Seabeck (Plymouth, Moor View) (Lab): I want to thank my hon. Friend the Member for Truro and Falmouth (Sarah Newton)—in Christmas spirit, I will describe her as my hon. Friend for today—for introducing the discussion. This is very much a cross-party debate, and I am pleased that she has managed to secure it. I am even more delighted that she has presented the case in an incredibly well-informed and balanced way. I hope that the Minister accepts that she made a really thoughtful contribution to what I am sure will be an excellent debate.

It is essential that those involved in preparing the franchise listen to the views of MPs from across the south-west on the priorities for our region and the importance of connectivity. They also need to listen to our individual concerns about the reliability and frequency of services to the towns and cities that we represent.

In the past six weeks, I convened a meeting of all south-west MPs to discuss connectivity across our region, particularly in respect of the rail franchise. I am therefore delighted at the timeliness of this debate. The meeting was incredibly well attended, as is today's debate. Significant numbers of people came, which is an indication of the importance that we place on getting this right. I should also put on the record my thanks—and the thanks of other MPs—to Chris Irwin from TravelWatch SouthWest, Andrew Seedhouse from Plymouth university, Ray Bentley and Neill Mitchell for helping to ensure the debate and meeting was well-informed. They supplied briefings to all colleagues and attended in person.

My hon. Friend the Member for Truro and Falmouth has drawn attention to the common themes, and I make no apology for repeating some of them. It is essential that those involved in drawing up the franchise understand clearly that we want the new franchise to address some common concerns. As I have said, we also want full consideration to be given to issues that are specific to our constituencies.

To be honest, predating this Parliament, we as a group allowed things to slip under the radar a bit when the last franchise was being prepared and we got caught out. When the previous franchise was announced, we found that it was set significantly below the previous standard. The standard of service then was not all that good, but when the previous franchise was first proposed, it would have made things a whole lot worse—for example, we would have lost the sleeper service.

One of the key messages that we want to send out is that we need to ensure that the starting point for the franchise is at least the base line of the current service and that it should not be any lower. I will come on to this again, but, ideally, we need to keep one or two things that we currently have. It is also essential to ensure that other Departments feed into the process.

Any reduction in service would clearly impact on business and economic growth in the region, particularly in Plymouth, where we have just lost our airport. That leaves Plymouth, the 15th largest city in England, as one of only two large cities that is more than 10 miles from a motorway that does not have an airport—the other is Peterborough. I am sure colleagues will understand that, if Plymouth is to continue to be an economic driver for the region, it is vital to have reliable, affordable and fast services to other large cities—in particular, London and Birmingham—as well as to Heathrow, and I will come to that issue later.

Will the Minister explain how she intends to ensure that the wider economic benefits of the franchise are considered across Departments? I gently suggest to her that the issues specific to the franchise, on which decisions have been made in the past about additional revenue from fares, have not fully reflected the wider benefits—those not found in the fares box. Too many Government decisions on transport and the franchise have been silo based. I urge her to talk cross-Department to her colleagues in the Department for Business, Innovation and Skills and the Treasury, as well as to seek the views of local enterprise partnerships across the region, because they, too, will have a significant input into the process.

Will the Minister say—this point has already been made, but it is incredibly important to business people in my area—whether there will be a five or six-year franchise, which is the rumour, or whether there will be something practical and sensible, such as a 15-year franchise?

The Minister of State, Department for Transport (Mrs Theresa Villiers): It might be sensible to answer that now. We published a notice in the official journal of the European Union expressing our intention to go for a 15-year franchise.

Alison Seabeck: That is very good news. I am delighted about the Minister's confirmation, because that has been a cause of concern.

During the MPs' meeting, it became clear from the evidence that was presented that our region's population is growing fast. That point was made earlier, but Ministers

[Alison Seabeck]

and officials in Whitehall need to understand it. In my experience of two different Governments, I do not think that people really understand the south-west. They think that it is a green, leafy place where people go on holiday, but it is growing fast and has a huge potential that is being missed. If we do not get the right franchise, everything we have to offer will be wasted. That is an important point, and I particularly want officials to understand what the south-west has to offer.

All those issues need to be factored in, and we need to ensure that the mismatch in rail fares, which patently hits the south-west, is also addressed. I am afraid that that is the outcome of another botched privatisation, but there is a genuine issue that is well documented by TravelWatch SouthWest in its very good document. We have seen the Chancellor rectify or consider improving and correcting a mistake that was made with South West Water. I do not know whether anything can be done about rail fares, but they are clearly an important issue.

I will make a couple of key points about Plymouth and services into our city, and I am sure that the hon. Member for Plymouth, Sutton and Devonport (Oliver Colvile)—my hon. Friend for the day, too—will re-enforce them if he is lucky enough to be called to speak. First, as I have pointed out, there are serious connectivity issues relating to our city—a city of more than 250,000 people. Secondly, we need to enable people to do business with our city. That means being able to arrive early enough for morning meetings. Plymouth is one of the top 10 locations for fast growing business, but we need people to be able to reach us by 10 am, not by noon, so we would really like to see a train leaving Paddington at approximately 5.55 am.

We would like to see more three-hour journeys and greater reliability. The signalling improvements that are happening in Reading will help with that. We are also keen to have links to Heathrow, because, without an air link, good rail connections are absolutely vital for both business and tourism. We would therefore be interested in supporting the Heathrow hub link. Given the long journeys on the franchise—five to six hours for colleagues in Cornwall—it is essential that bidders consider both comfort and wi-fi provision. That would certainly help; a lot of business can be done on a train. I have not even touched on the importance of improving connectivity via community rail links, which are growing exponentially in the south-west, or the benefits of improving car parking, bus connections, walking and cycling linkages, which, although not directly issues for the franchise, deserve wider consideration.

Overcrowding, which has already been mentioned, is a huge issue throughout the system. It is a problem for the Paddington to Penzance main line, which is what we should actually call it, rather than lose it in the greater south-western service. As my hon. Friend the Member for Truro and Falmouth mentioned, First Great Western operates 147 trains—some 40 more trains than was set out by the original franchise. That should therefore be the base level for the franchise. Once rolling stock is freed up by changes in other parts of the country, my plea is that it should be diverted to the south-west and not channelled up to the midlands and the north, as has happened in the past.

Our region's rail links have been neglected historically. They are often seen as far too difficult, but we have heard already in the Chamber today, and we will hear again, a consensual call for additional resources to come to our region for good economic reasons—there is a real cost-benefit to investment. I hope the Minister is listening and will ensure that all the issues raised today are discussed at the highest level in Government.

9.56 am

Sheryll Murray (South East Cornwall) (Con): I congratulate my hon. Friend the Member for Truro and Falmouth (Sarah Newton) on securing the debate. I think we all agree that this issue is really important to all of our constituents. It is certainly an important issue for my constituents in South East Cornwall. The First Great Western train service from London to the south-west is a vital rail link for my constituency. The loss of the airport in Plymouth, and the fact that there is such a great distance between my constituency and Newquay airport in Cornwall, means that very often the railway is the only way that people can commute. I emphasise the importance of the train service for the tourism industry, and for people visiting family and friends. I thank my right hon. Friend the Minister, who is due to visit one of my branch lines in January to see for herself what beautiful lines we have in Cornwall, but also how important they are. I am very grateful to her for visiting south-east Cornwall.

As the Member of Parliament for South East Cornwall, I use the First Great Western service from Liskeard to London frequently. There are major issues that I have noticed, which my constituents continually bring to my attention, and I will share them with the Minister. As has been referred to by my hon. Friend the Member for Truro and Falmouth and the hon. Member for Plymouth, Moor View (Alison Seabeck), rolling stock and overcrowding are big issues. Frequently, we have to change in Plymouth to carry on through to Penzance and use the small, two-carriage rolling stock, which is continually overcrowded and has luggage kept in the aisles. The amount of luggage compromises the safety of passengers on board. I recently witnessed one instance where a wheelchair user was unable to board the train in Liskeard, due to the amount of luggage on the train.

Alison Seabeck: I, too, have witnessed everybody trying to pile into those two carriages, because I get off at Plymouth. In the summer, when people have large surfboards—Cornwall is great for surfing—it must be almost impossible at times for people to get on, never mind somebody struggling with a wheelchair or a buggy.

Sheryll Murray: The hon. Lady is absolutely correct. I have been on the train when many passengers have been forced to stand. What a lot of people do not understand is that someone who buys a first-class ticket from Paddington to Penzance and has to stand on the two-carriage train is entitled to a refund. The excessive cost represented by that could be channelled into improving the rolling stock. I ask the Minister to ensure that the provision of better rolling stock is included in any future franchise.

It is bad enough for someone such as me who is only travelling across the Tamar to Liskeard, or to Bodmin Parkway station in my constituency, but the journey

must be horrendous for passengers travelling through to Penzance, especially during peak times. In September, I tabled a question to the Secretary of State for Transport about whether there were any plans to introduce new rolling stock on the First Great Western main line west of Plymouth in the next four years. The Minister replied:

"The Government are committed to a less prescriptive approach to the specification of rail franchises, with decisions such as rolling stock provision devolved primarily to franchise operators."—[*Official Report*, 12 September 2011; Vol. 532, c. 992W.]

She might be interested to know, however, that First Great Western has told me that it is a Government problem. I ask her to ensure that the requirements for larger and improved rolling stock are included in the franchise specifically, so that there is no question about who is responsible in any future franchise.

Finally, I also make a bid for the retention of the sleeper service, which is the only way that I can get back to my constituency, given the sitting hours of Parliament and the need to start in my constituency at 9 o'clock on a Friday morning. Without the service, we would all be at a loss. I also emphasise how much it is used: in my experience, sometimes, it cannot be booked even a fortnight ahead because it is fully subscribed. The service is not underused—in fact, we could do with more carriages, not fewer.

Several hon. Members *rose—*

Sir Alan Meale (in the Chair): We have a number of Members standing, and it is my intention to bring in the Front Benchers from 10.40 am, so can you act with a little bit of brevity?

10.2 am

Duncan Hames (Chippenham) (LD): I congratulate my hon. Friend the Member for Truro and Falmouth (Sarah Newton) on securing the debate. I share the commitment of the hon. Member for Plymouth, Moor View (Alison Seabeck) that the Members of Parliament for the region covered by First Great Western will not be caught out in the franchise renewal, because that was certainly the experience of my constituents, in particular in Melksham, albeit before my constituency was created. Under the current franchise, a popular and well used service was cut to only two trains each way a day, and those trains run at times that are totally impractical for anyone hoping to use them for a sensible commute for a humane working week. I am determined that that should not be allowed to happen under the new franchise, but that instead we will see the franchise get Wiltshire moving and help people in my constituency to use the railways to get to work.

Three key, interrelated factors make a difference to the railway experience and to the potential of the railways to serve my constituents: service frequency, capacity and connections. Connections are an important solution to the conundrum, because they create the opportunity to relieve capacity and overcrowding in capacity bottlenecks and to increase the journey options, thereby disproportionately increasing service frequency for communities. In Wiltshire, we could have a few particular opportunities under the new franchise.

The railways Minister is more than familiar with the TransWilts rail service, which I have raised with her on countless occasions in the past 18 months. I am sure that she was as pleased as I at the success over the summer of the TransWilts rail partnership trial of extra Sunday services between Westbury and Swindon via Melksham. The take-up and the feedback on the service were good, and next year the partnership hopes to extend the trial to between May and mid-September. The TransWilts campaign group has comprehensive research behind it, demonstrating not only the need for more services but their cost-effectiveness and the strong support from the business community in our area for improved services through Melksham. The franchise specification process is an ideal opportunity to build upon that work; no line in the south-west region is better prepared for an expansion in services, having enjoyed them so recently, until the current franchise.

I was encouraged by the Government's willingness to listen to us about the problems of overcrowding in my area, and chiefly by the prospect of additional capacity on the Cardiff to Portsmouth line which runs through Bradford-on-Avon in my constituency. There was certainly progress last Monday, when First Great Western announced two extra carriages on the 07.30 from Cardiff to Portsmouth, but only as far as Bristol Temple Meads. Unfortunately, that will not benefit Bradford-on-Avon passengers, who are still frequently unable to board trains or, even when they get on a train, to get a seat. That problem is not unique to Bradford-on-Avon or to my constituency; I often travel on First Great Western on Sundays and it is astonishing that even on Sunday afternoons it is not uncommon to find that one cannot get a seat on a First Great Western service into Paddington. Demand locally has risen well above the national level of growth, and I implore the Minister to consider overcrowding once more in further franchise specifications. I would appreciate her reassurance that in the Great Western franchise renewal process, bidders' proposed efficiency measures will not be looked upon favourably if they involve cutting carriages and reducing seats. Franchisees should be required to deal with overcrowding not by pushing down demand with increased fares but by increasing capacity. Central Government can help by simplifying the rolling stock allocation system.

I have corresponded with the Minister about the opportunities presented by the new franchise, in particular on the prospect of services between Oxford and Bristol. I welcome the Chancellor's support in the autumn statement for services between Oxford and Bedford, which will improve connections between west and east as far as Cambridge. There is a wonderful opportunity, on existing railway infrastructure, to extend the potential of such services with an Oxford to Bristol service under the Great Western franchise. Quite aside from the benefits of linking such high value-added university economies, there is also the opportunity of the reopening of Corsham station, which would be served by trains on that route.

Moneys have been set aside under section 106 agreements for redeveloping Corsham station, but progress has been slow and a real risk is that the developments seeking to contribute to improved railway infrastructure will have happened too long ago to draw upon. A commitment on Corsham station early in the course of the new franchise would be welcome. It should be noted that the road infrastructure often benefits from section 106 agreements. Substantial development of housing and employment sites around Melksham in my constituency has included funding for distributor roads and even a small bypass but, in that time, not a penny has been contributed to the rail infrastructure on which those same homes and businesses will depend.

[Duncan Hames]

I want to touch on the role of local authorities in the franchise renewal process. For a Government who believe in localism, it is important to ensure that the democratic voice of local areas is heard when determining the new specifications for the franchise. Liberal Democrat councillors in Wiltshire recently tabled a motion noting the opportunities that the stakeholder consultation presents for improving the county's rail network. They welcomed the Minister's encouragement to the council to

"discuss the potential for a Corsham station and a new Oxford-Bristol service with all bidders for the franchise".

Welcoming the motion, the holder of the council's public transport portfolio noted that, traditionally, the council has had nothing to do with the railways but that it now had clear objectives to include in the new franchise a number of the local schemes which I have mentioned this morning.

We could make the improved TransWilts service permanent. The council is bidding for £5 million from the local sustainable transport fund. I hope that the Department will look favourably on the innovation of that bid, and its value in connecting three mainline services across the county and therefore dramatically improving the options for journey planning for my constituents by linking services calling at Westbury, Trowbridge, Melksham, Chippenham and Swindon on existing railway infrastructure. The council is certainly determined to support an Oxford-Bristol service, which would allow new stations at Corsham and—I am sure this will interest hon. Members from Swindon who are present—Royal Wootton Bassett, which would be more accessible for some of their constituents than existing services at Swindon.

I am encouraged by the council's willingness to engage with the Government, and I am keen to hear from the Minister how she plans to reciprocate that willingness to engage, and what mechanisms she is considering to incorporate in the specification process the views and recommendations of local authorities, and of the hon. Members who have come to this debate. I look forward to hearing her thoughts on that.

10.11 am

Oliver Colville (Plymouth, Sutton and Devonport) (Con): It is a pleasure and a delight, Sir Alan, to serve under your chairmanship. I thank my hon. Friend the Member for Truro and Falmouth (Sarah Newton) for this debate, and congratulate her on securing it. During the debate, we will speak as a group of Members of Parliament with one voice. My constituency is the other half of Plymouth from that of my hon. Friend—for this morning—the Member for Plymouth, Moor View (Alison Seabeck).

I want to set the context for Plymouth. Around 250,000 people live in the city. We are a low-wage and a low-skills economy. We are the home of the Royal Navy, although other hon. Members may dispute that. We have a nuclear licence for our nuclear submarines, which makes Plymouth an important part of our defence. We have a brilliant, dynamic university. We have a reputation for being the global leader in marine science engineering research, and we must talk that up much more.

Members of Parliament from Devon and Cornwall make up around 19% of the coalition Government's membership, so it is important and would be helpful if the Minister recognised that when she makes decisions. I know that, after the 2005 election, three Labour Members of Parliament worked hard to try to convince Ministers, but I suspect that they did not have the political clout to do so. We are in a unique position to ensure that we get the story right.

Plymouth feels incredibly isolated. Not only are we losing the airport—believe you me, I for one have been subject to an enormous amount of correspondence and discussion about that—but we have only one proper dual access to the peninsula, and we saw last month, when the M5 crash happened, how difficult that can be. Just last Friday, as I was driving to my constituency, I was stuck on the A38 for three hours because there had been a car accident that required the Devon air ambulance to pick someone up. It made it difficult to get there.

There is real concern about the lack of transport infrastructure, and a genuine feeling that no one is interested in hearing what happens in Devon and Cornwall, and certainly in Plymouth. Some 38% of people who work in Plymouth do so in the public sector. If we want to rebalance our economy, we desperately need to ensure that we have the necessary transport infrastructure. If we are successful in that, there will be an enormous roll-out throughout the regional economy, and we need that.

The First Great Western franchise is up for grabs again. It has decided not to put in for an extension to its current franchise, because it is keen to ensure the necessary investment in infrastructure, new trains and so on. We know that train journeys may be badly delayed during the winter, especially when the sea wall at Dawlish is flooded in a big way. We have an opportunity to ensure that we get the infrastructure right.

What do we want? We want more three-hour train journeys to and from London, and we want to make sure that we can get from London to Plymouth before 11 o'clock in the morning. If people want to do a decent job of work, they want to ensure that they can meet people at 9 or 10 o'clock. As my hon. Friend the Member for Plymouth, Moor View made clear, that is a key issue.

We need decent access to Heathrow. If we lose our airport, which, unfortunately, I think we will—I shall do everything I can to try to ensure that that does not happen—we must ensure that we have good connections to airports. Our best regional airport is Exeter, and it would be helpful if we could have a good bus link straight in to the airport, or a decent rail link so that people can get away.

We need to retain the rail sleeper service, and we need good wi-fi on trains. If business men want to work while travelling to Plymouth, they want to be able to communicate with their customers, and that needs to be not just in first class, but in second class if we are to be inclusive.

The cost of tickets is horrendous. When I travel back to London as I occasionally do on the railways on a Sunday, engineering works prohibit me from getting back in good time, and the journey can take for ever.

Another point is that electrification of the line to Plymouth is important. When Michael Ancram was deputy leader and chairman of the Conservative party

he came to Plymouth, went to see Tim Smit who runs the Eden project, and asked him what was the one thing that could regenerate activity in the peninsula. Tim Smit's reply was electrification of the line.

I pay tribute to Neil Mitchell, an independent transport consultant who has worked incredibly closely and done an incredibly good job on the matter. Our meeting the other day with all the Members of Parliament in Devon and Cornwall was incredibly helpful in ensuring that we got some of our message across.

My final point is that Plymouth is not Portsmouth. We are not 20 minutes from Bristol. Please make sure that we stop being ignored.

10.18 am

George Eustice (Camborne and Redruth) (Con): I congratulate my hon. Friend the Member for Truro and Falmouth (Sarah Newton) on securing this debate, which is important to all of us in the far south-west. I want to touch on three key matters: first, the franchising system, and particularly the duration of the franchises; secondly, some of my concerns about the consequences of electrification for those of us in the far south-west; and thirdly, the sleeper service.

I welcome what the Minister said about the commitment to 15-year franchises. The matter was causing some concern in the industry because there had been speculation that the Government might be backing away from that. It is incredibly important with issues such as transport to make a long-term commitment to provide the right environment for investment. A couple of years ago I attended a speech by the former Secretary of State for Transport, Lord Adonis, who said that, although transport is invariably about long-term infrastructure investment decisions, in the past 50 years, Britain has had some 45 different Transport Secretaries. That shows how difficult it is to maintain a long-term perspective. The hon. Member for Plymouth, Moor View (Alison Seabeck) pointed out some of the problems with privatisation, and a key one was that it encouraged too much short-termism, short-term franchises and a system for sweating assets instead of investing in them for the future.

The Conservative party recognised that when in opposition, and for some years we have been committed to the idea of longer franchises. We recognise the benefits of vertical integration in which train companies are encouraged to invest for the long term. Such a step will be welcome in the industry.

As we know, the line will not be electrified all the way to Penzance in the foreseeable future, but the Government are committed to progressively electrifying the south-west line and the first phase of that will be the electrification of the line to Newbury. In order to accommodate that, I understand that the Government are considering investing in bi-mode trains that run on electric wires when they are in an electric area, and then switch to diesel when they are not. The concern, however, is that the trains currently selected for such a use do not have diesel engines that are sufficiently powerful to deal with the gradients west of Newton Abbot. When Brunel designed the track into Cornwall he came up with an interesting way of using tracks that could deal with steeper gradients, while at the same time designing trains that could work on those gradients. It would be a sorry state of affairs if after all these years we end up with trains that cannot work on such gradients.

The Government say that they will continue to use high-speed diesel trains on the Penzance line. What will happen, however, if the line is electrified to Taunton, Exeter or even Plymouth? How long will it be before people say that since the line has been electrified that far, we can no longer justify diesel trains that go all the way to Penzance? How long will it be before those of us who live in Cornwall arrive at Exeter and hear the words, "All change please, this train terminates here" before we get off and are invited to board a rickety old train that no one else in the country wants to use? It is important to think ahead, and unless the entire line is going to be electrified in the foreseeable future, we must invest in bi-mode trains that are capable of going all the way to Penzance. That will mean that, even if the line is electrified as far as Exeter, the rest of us will not have to change but can remain on the same train.

I know that the Minister used the sleeper service to Penzance while in opposition, so she will know what a crucial link it is for those of us in Cornwall. At a time when we are trying to discourage excessive flights, particularly domestic flights, the sleeper service provides a vital link for the business community. The sleeper service beats flying by a country mile and is the only service that enables someone to work in London until 11 o'clock, and then get on the train and be in Cornwall in time for an 8 o'clock meeting the following day. It is also the only service that will get someone into London from Cornwall in time for an early morning meeting. Last time the service was threatened, a vociferous and successful campaign was led by the late Sir Eddie George—I signed his petition to preserve the service. I now use the sleeper service almost every week and I would recommend it to anyone; it is the most civilised way to travel to Cornwall and the staff are superb. It would be a real failure if we were to lose it.

Last time the sleeper service was under threat, there was some suggestion that the issue was not only its financial viability, but that Network Rail wanted to do engineering work overnight and found the sleeper train rather inconvenient. It should not, however, be beyond the wit of man to deal with that issue and park the train somewhere while engineering works take place. I would like some reassurance from the Minister on that point.

We must think carefully about the type of bi-mode train in which we invest for the future, and if we cannot significantly reduce the journey time to west Cornwall in the foreseeable future—it is a five-and-a-half or six-hour train journey—we must ensure that the experience is as comfortable and enjoyable as possible. That is why we need a franchising system that encourages investment in the long term. I am concerned that, by being too prescriptive about minimum standards, the Railways Act 2005 encourages a kind of Dutch auction. We need a competitive system where companies compete to offer a better service, and where that is given more weight than the amount of money tendered. I hope that the Minister will take those points on board.

10.24 pm

Mr Robert Buckland (South Swindon) (Con): It is a pleasure to serve under your chairmanship, Sir Alan, and I congratulate my hon. Friend the Member for Truro and Falmouth (Sarah Newton) on securing a debate that I think most hon. Members in the Chamber have bid for at some stage. Fortunately, she got lucky

[Mr Robert Buckland]

just before Christmas, and I am grateful to her for that. I am also grateful to the Minister for attending the debate. We have had many discussions about rail services to and from Swindon, and she knows the passion that I and my hon. Friend the Member for North Swindon (Justin Tomlinson) feel for railways, especially considering Swindon's unique railway heritage as the hub of the Great Western Railway. We regard Swindon as its home.

To bring things bang up to date, Swindon is a thriving town of 200,000 inhabitants, with rail services that run to the west, the east, the midlands and the south and are relied on by thousands of commuters in the town and region. Connectivity to London, Heathrow and other parts of the south is vital, and time and again that is cited as an important issue to local businesses and passengers.

The draft franchise document will be of huge significance and must meet the aspirations of rail users, both passenger services and freight. It must also be based on a correct set of specifications. In short, the mistakes that were made in the 2006 franchise must not be repeated; we must not step backwards. We must start by looking at the current service, rather than holding a Dutch auction—as my hon. Friend the Member for Camborne and Redruth (George Eustice) said—to see who can get to the bottom the fastest.

Since 2006, there has been a race to rectify some of the problems that have been created. How many of us have had to endure problems with punctuality, for example, and how glad are we that much has been done to rectify that situation? The recent Government announcement about extra capacity will provide some relief, but we are running to stand still. As I have said, those issues were not properly addressed.

Neil Carmichael (Stroud) (Con) *rose—*

Mr Buckland: I do not have time to take an intervention because other Members wish to speak.

Unless the new franchise delivers a service that is punctual and has appropriate capacity and competitive ticket prices, it will have been a missed opportunity. To put it bluntly: if our passengers do not get value for money, we will have failed.

Peak fares from Swindon remain unduly high compared with those from neighbouring stations and other parts of the network. That seems to be a hangover from another time, and it is causing a competitive disadvantage. Season ticket holders who have to travel at peak hours and are captives of the service now pay in excess of £7,000 a year, yet the service that they receive does not even guarantee them a seat at certain times of the day. That is wrong, and I believe that the terms of reference and the franchise process must specifically address the needs of frequent users and season ticket holders. I accept that smart ticketing may help, but I feel strongly that more needs to be done to cater for that group, perhaps by introducing reserved seating, for example, or by offering an enhanced service that makes people feel valued.

The link between improved rail services and wider economic benefits is clear, and we should factor in such considerations to the franchising process. Just as road schemes are often justified in terms of their wider economic benefit, we must ensure that the Department for Business, Innovation and Skills and the Treasury are involved and engaged with the rail service to allow the fullest exploration of any wider economic benefits. Locally, we need strong engagement between the Department for Transport and the new Swindon and Wiltshire local enterprise partnership.

Justin Tomlinson (North Swindon) (Con) *rose—*

Mr Buckland: I will give way on a local point.

Justin Tomlinson: Briefly, it is not only the LEP that is supportive of such an initiative. We regularly meet different business forums that highlight transport as a No. 1 priority. Swindon's economic base has grown, owing to businesses relocating there, but the biggest barrier to that is the cost of train travel.

Mr Buckland: I am grateful to my hon. Friend for raising that local point, and I will develop it briefly. I have been looking at the regional significance of Swindon, and I would like to echo the points made by my hon. Friend the Member for Chippenham (Duncan Hames) about the importance of developing local services and local branch stations. For too long, obstacles have often been put in the way of the development of local services, because of the needs of the main line. Again, we need to examine the tendering process and ensure that options such as the development of a branch station just to the west of Swindon, which the Minister knows I am passionate about, will become a reality.

There is no reason not to be optimistic about rail in the south-west, because, as we have seen, the growth is exponential. More and more people are using rail services. Therefore, the franchise needs to be an optimistic one. It needs to be based on an upward projection of growth and to avoid the lamentable mistakes of five years ago. I am delighted that the Minister has listened to my protestations, among others, and that the Government have preferred a 15-year term for the franchise, rather than something shorter. My right hon. Friend has been saying yes to many of my requests recently and yes to many of the demands of the people of Swindon. I hope that she will say yes again to some of the observations that we have made about this vital process.

10.30 am

Neil Parish (Tiverton and Honiton) (Con): I congratulate my hon. Friend the Member for Truro and Falmouth (Sarah Newton) on securing the debate. I will be brief because one more Back Bencher wants to speak. I also congratulate the Government on going for a 15-year franchise, but of course with that comes the responsibility to get it right, because it is a much longer-term contract. My hon. Friend made the point that it will also give the company the chance to put in the investment that will improve services.

May I make the point that the west country does not stop at Bristol? Although Bristol is very important, much of the west country is west of Bristol. My Cornish friends are very welcome here this morning; but of course, to get to Cornwall, one has to go through Devon. I therefore make a plea for us to build on the junction at Tiverton in my constituency. We want to

increase the industrial parks around Tiverton, so there is a chance to move some industrial goods by rail at Tiverton. In the future, a new station at Cullompton would also be very much welcomed.

Ours is a very important part of the county. If we consider the issue from a tourism angle, we find that people come to London first, and then if they are asked where they want to go next, they say that they want to go to the west country, particularly Devon and Cornwall of course. They quite like Somerset and they occasionally go to Wiltshire and occasionally stop off in Bristol. To be serious, we do need that business. Plymouth airport is being closed. The airport at Exeter is building up, but it is not yet big. Bristol airport is doing quite well. However, many people still come in through Heathrow, so the contacts between areas and getting to and from Heathrow and the railway are also important issues.

All those matters need to be taken into consideration. As I said, the Government are right to go for a 15-year contract, but we need to consider the relevant issues very carefully when we award that contract.

10.33 am

Richard Graham (Gloucester) (Con): I am grateful to have the opportunity to speak towards the end of this most important debate. The tender of the First Great Western franchise is of key interest not just to my constituents in Gloucester and throughout the county of Gloucestershire, but, as we have heard, across the entire south-west region. I hugely congratulate my hon. Friend the Member for Truro and Falmouth (Sarah Newton) on securing a debate that is of such importance to, I suspect, about 40 coalition MPs and a handful from the Opposition.

There are six key issues to canter through in relation to the retendering process, and I am sure that my right hon. Friend the Minister responsible for rail will be listening carefully, as she has been all morning to the points made by hon. Members. First, I agree with my hon. Friend the Member for Camborne and Redruth (George Eustice) about thinking long term. A long-term franchise must be good for the region. It requires us all to respond ambitiously in thinking 15 years ahead.

My hon. Friend the Member for Truro and Falmouth referred to growth and capacity. Certainly on the London-to-Gloucester line, it is crucial that we have more trains, both in the mornings, inevitably, and in the evenings. There is no service to Gloucestershire after 7.45 pm other than the one that leaves at 11 o'clock at night and arrives the next morning. Additional capacity is therefore very important. I appreciate that there are capacity problems getting into Paddington, but we do need more.

With regard to punctuality, it is worth noting that significant progress was made on the First Great Western service after 2005, but the recent decline or deterioration, which is possibly connected with Network Rail's failings, needs to be examined.

On where the trains stop and the speed of the service, all First Great Western services currently stop at Gloucester, and that must continue after the redoubling of the Swindon-Kemble line, which is so important to us all. However, it is not obvious to me why every train should stop at every little station on the Cotswold part of the journey. I am thinking about the service being speeded up. It is worth noting that it is slower between Swindon and Gloucester than a car journey, except at peak traffic times.

The Minister will know how grateful we all are to have heard about the plans for electrification to go as far as Swindon on the journey that we are discussing, although not all the way to Gloucester and Cheltenham. We should definitely be considering that within the lifetime of the franchise.

A number of hon. Members mentioned difficulties with fares. The issue involves price and, almost as important, the need to rationalise the number of different fares, so that the process is simpler and easier to understand. The difference between an off-peak and a full-fare single journey between Gloucester and Paddington is the difference between £25 and £85—an enormous multiple.

I should be grateful to the Minister if she said whether the fact that there have been additional carriages on the service in the last year of the franchise will be taken into consideration during the retendering process. I think that that is important. It is also worth asking whether infrastructure at stations can be included in the tendering process. At the moment, we need a new ticket office and revenue protection barriers. Those will be going in shortly, but certainly within the lifetime of the new franchise, we also need to have a separate waiting room and ticket office. That is important for customers at Gloucester.

Overall, the crucial point that I would make, which has been made in different ways by several hon. Members, is that we all agree that train travel—rail travel—is a critical catalyst for growth and a key part of our transport infrastructure. It is true to say that in the south-west it has been rather overlooked in the past and, arguably, in the present, with all the excitement about High Speed 2. I therefore add my voice to those of hon. Members who have already spoken to ask the Minister to look favourably on ways to improve capacity, punctuality, electrification, infrastructure and fare rationalisation on this important line from Paddington to Gloucester and Cheltenham and to support the growth of rail services across Gloucestershire and our region.

Sir Alan Meale (in the Chair): Before we hear from the Front Benchers, I point out that there is one hon. Member who stood but was not called. It may be appropriate if Mr Carmichael catches the eye of either one of the Front Benchers if he still wishes to speak.

10.38 am

Lilian Greenwood (Nottingham South) (Lab): It is a pleasure to speak under your chairmanship, Sir Alan. I begin by congratulating the hon. Member for Truro and Falmouth (Sarah Newton) on securing the debate and on setting out so clearly the needs of local people and businesses in the south-west.

The debate is very timely, given yesterday's issuing of the invitation to tender for the Great Western rail passenger franchise. It may be a coincidence that that was published on the eve of the debate, but if not, I congratulate the hon. Lady on prompting Ministers to get at least that part of their franchise programme on track.

I am sure that the Minister has listened carefully to the concerns of hon. Members on both sides of the House who are here to represent constituencies right

[Lilian Greenwood]

along the route in relation to the new franchise. I shall pick out just a few of the key points that they made. They talked about ensuring that the baseline for the new franchise is no less than the current service, the need for fares to be affordable, the need for faster services, especially for the benefit of business passengers—the south-west region depends on businesses for economic growth—the importance of a link to Heathrow airport, the vital importance of tackling overcrowding, and the retention of a sleeper service to Cornwall. I hope that the Minister will be able to provide some assurances on each of those points.

Several Members welcomed the opportunity to provide long-term investment, but that surely requires a degree of certainty. It is therefore of great concern that invitations to tender for franchises are being issued before the Government have decided what their franchising policy is. The First Great Western franchise ITT states:

"The contract will be based on the Franchise Agreement currently being revised in line with Government policy."

It would surely have been sensible to finalise the franchising policy and the franchise agreement in time for the publication of the invitations to tender.

Unfortunately, it is not just the franchise agreement that is yet to be finalised by Ministers; the entire rail strategy is now running late. The departmental plan promised to:

"Develop and publish detailed proposals on delivering a sustainable railway including reform of Network Rail",

but that, along with so much else, has slipped back to 2012. It seems that the Secretary of State inherited an in-tray overflowing with decisions her predecessor had sat on. Given yesterday's determination by the Office of Rail Regulation that Network Rail is in breach of its licence because of the worsening performance on the national network, passengers are right to be frustrated that there is no sign of the promised reform.

As the process of renewing the franchises begins, we are left with more questions than answers. For example, we are no nearer knowing how committed Ministers are to rail devolution, and neither are prospective bidders. The ITT says:

"In line with the Government's aspiration for decentralisation, the franchise may be let so as to permit future changes in the way that discrete parts of the network"—

Mrs Villiers: I feel obliged to correct the hon. Lady. We have not issued an ITT for First Great Western yet. The ITT comes after the consultation. If we issue the ITT before the consultation, we are unable to take on board the views of stakeholders. I am not sure what ITT the hon. Lady is reading from, but it is not First Great Western's.

Lilian Greenwood: I thank the Minister for her clarification, but it is the information that was published yesterday in relation to the future franchise.

The publication the Minister produced mentions

"changes in the way that discrete parts of the network are financed, monitored and managed by organisations other than the DfT."

The Opposition support rail devolution, which should go hand in hand with stronger transport authorities. We would like parts of the country such as the south-west, which do not currently have the benefit of integrated transport authorities, to have them. That would give the constituents of hon. Members who are here today more control and the opportunity to ensure that their needs are met. Could the Minister therefore update us on progress on rail devolution? What plans does she have for the devolution of services in the south-west? Will she confirm that devolution relates to funds and not just responsibilities? In parts of the country such as the south-west, which do not have an integrated transport authority, who, other than the DFT, does she envisage will be the relevant organisations?

The Department is similarly vague on the eventual reforms to cost and revenue risk, saying only:

"Revenue risk will be subject to a support mechanism probably linked to economic factors",

but "probably" seems a bit vague for this stage in the process. Will the Minster therefore provide further details of how she intends to ensure that taxpayers get a fair deal from the new franchise and that we do not have a repeat of the licences to print money we have seen in recent years?

The Opposition have been highly critical of the way in which First Great Western has been able to end its 10-year franchise three years early—before the Minister jumps to her feet again, let me say that I appreciate the fact that the contract was agreed under the previous Government. I hope this Government have learned the lessons from the franchises that were signed in the years following privatisation so that contracts do not back-load premium payments while allowing a break clause. That has enabled First Great Western to avoid payments of an estimated £826 million, while, as now looks likely, bidding to run the franchise again.

There are also questions about what is to happen to the stations on the First Great Western line, and several Members have raised particular concerns. The invitation that has been issued states:

"The franchisee will be expected to take full repairing leases on some or all of the stations that it operates other than on Network Rail managed stations."

Why is there the reference to

"some or all of the stations"

and what will happen to the others? If a private train operator takes control of stations, will that be within the 15-year franchise, or on the basis of 99-year leases, as Ministers have suggested? If it is within the 15-year franchise, what will happen at the end of the 15-year period? If the franchise changes hands in 15 years, one possibility is that there will have to be a significant payment to the outgoing train operating company, thereby skewing the refranchising in its favour, or are Ministers opening up the prospect of an operating company retaining the management of the stations even after losing the franchise to operate the trains? Potentially, we could see station access charges as well as track access charges, with yet more work for lawyers, more fragmentation and more cost to the taxpayer.

There are also questions about the trains to be used on the First Great Western line under the new franchise. The document says:

"It is currently expected that the franchise operator will take responsibility for the provision of rolling stock. From 2017 new Intercity Express Trains ('IEP') are anticipated to be delivered to the franchise operator".

Will the Minister explain why it is only "expected" that the new franchise holder will be responsible for rolling stock? Will she confirm that the Department cannot force the new operator to lease the IEP trains? Given the Department's admission that the leasing costs for the IEP trains will be greater than for the alternatives, what assurances can she provide that the IEP trains will actually be put into service? Will she give more details about the discussions First Great Western, and indeed East Coast, are reported to have had with rolling stock companies about potentially using more Pendolinos on these franchises, as opposed to the IEP trains being built by Hitachi? It is incredible that the taxpayer has spent tens of millions of pounds developing these new trains, on which jobs in the north-east depend, when responsibility for leasing trains rests with the private operators. As several Members have said, it is vital that the new franchise increases capacity to tackle overcrowding, rather than pricing passengers off the railways. The hon. Member for South East Cornwall (Sheryll Murray) graphically described the problems of overcrowding on inadequate train carriages. It is therefore vital that we know what rolling stock is to be delivered.

Potential operators of the new franchise are also having to bid without the Government's having decided how best to address the clear need to improve links to Heathrow and High Speed 2—if the Government decide, as we hope they do, to give HS2 the green light. As the document says:

> "Options for longer term enhancements of rail links to Heathrow, such as Western Access and Airtrack Lite, are being considered".

Whether they go ahead will have a significant bearing on the franchise. Will the Minister provide an update on the Government's thinking on the issue, particularly given that several Members, including my hon. Friend the Member for Plymouth, Moor View (Alison Seabeck) and the hon. Members for Plymouth, Sutton and Devonport (Oliver Colvile) and for South East Cornwall have highlighted the loss of Plymouth airport and, therefore, the importance of establishing such connections?

As hon. Members know, the Opposition have put forward their own proposal, which would offer the south-west significant benefits in terms of access to Heathrow and HS2. Our policy review concluded that we were wrong to reject the proposal to create a major new transport hub near Heathrow linking HS2, Crossrail and the First Great Western main line. We have proposed moving the west of London stop from Old Oak Common to near Heathrow. That was previously the Conservative party's policy, and it was backed at the time by the Minister. Indeed, some tell us—quite authoritatively—that she may still hold that view.

As the Minister will know, the creation of a Heathrow hub has several benefits. First, it has the potential to save taxpayers money, by removing the need to build an expensive spur to Heathrow during the later stages of the HS2 project and opening up the potential for greater private investment in the scheme. Secondly, it will benefit Heathrow by improving access to our major hub airport, especially from the south-west. Thirdly, it will increase the potential for more of the country to feel the benefits of HS2, not least by improving connectivity to the south, the south-west and Wales. HS2 will benefit the nation as a whole, but those living in parts of the country that are not directly served by it need to feel that those benefits are real to them. Fourthly, taking the high-speed line direct to Heathrow from the start will inevitably change the route and open up the prospect of making greater use of existing transport corridors and avoiding the widest part of the Chilterns area of outstanding natural beauty.

The debate gives the Minister a timely opportunity to provide clarification on the many questions that need answering regarding the Government's rail franchising policy and particularly the tender for the First Great Western franchise. Passengers in the south-west need and expect a better rail service than the one they have at present. With six of the 10 most overcrowded services running out of Paddington station, there is a considerable need for the investment the Labour Government set in motion, not least for the further electrification of the First Great Western main line.

As well as investing in infrastructure, we need to improve the way passenger services are delivered. The Opposition are clear that that requires the genuine devolution of rail services and a fundamental review of the very structure of our rail industry. Given that the Government look set to maintain the existing industry model, we need, at the very least, to have tough new rules for rail franchises. We need to ensure that the often poor quality of service experienced by rail passengers in the south-west, which Members have described today, is not repeated in the future.

10.49 am

The Minister of State, Department for Transport (Mrs Theresa Villiers): It is a pleasure to serve under your chairmanship, Sir Alan, as ever. I congratulate my hon. Friend the Member for Truro and Falmouth (Sarah Newton) on securing the debate at such a timely point. Yesterday, the Government fired the starting gun on the process for selecting the new franchisee with the publication of a notice in the Official Journal of the European Union. We propose to issue a consultation in the next few days, which we expect will close at the end of March. The debate is thus well timed, and I welcome all the speeches that have been made. As my hon. Friend the Member for Plymouth, Sutton and Devonport (Oliver Colvile) put it, all hon. Members spoke with one voice about the importance of the process that we are undertaking. We will consider all the representations made today and during the consultation.

Alison Seabeck: On that very point, will the Minister promise today that she will take a meeting of all the south-west MPs, once that consultation is under way and we have had the opportunity to look at the franchise? We will certainly have views on it.

Mrs Villiers: I am happy to give the hon. Lady that undertaking. It will be a good contribution to the decision-making process.

Almost every hon. Member who has spoken has emphasised the economic importance of the Great Western rail network. They included my hon. Friends the Members for South Swindon (Mr Buckland), for North Swindon (Justin Tomlinson), for Plymouth, Sutton and Devonport and for South East Cornwall (Sheryll Murray), and the hon. Member for Plymouth, Moor View (Alison Seabeck). Clearly, it has a crucial role. Rail connectivity supports

[Mrs Villiers]

jobs and growth, and is, in particular, vital for the tourism sector, which is such an important part of the economy in the area served by the Great Western franchise. In response to the point made by the hon. Member for Plymouth, Moor View, it would be positive for the Department for Business, Innovation and Skills, the Treasury, local enterprise partnerships and local authorities to be engaged in the important decision in question.

Passenger demand has grown across much of the Great Western network in recent years, as many hon. Members have acknowledged.

Neil Carmichael: I hope that the Minister will take on board the need to modernise the rail track as a whole, so that we can get more trains on the track. That is certainly relevant to connectivity for my constituency, and will make a big difference to the network as a whole.

Mrs Villiers: Improving infrastructure is an important part of the way we are seeking to improve rail services on the Great Western network.

As an example of what I was saying about demand, passenger numbers on the Falmouth to Truro line have doubled since 2006. In the process on which we now are embarking, we need, as my hon. Friend the Member for South Swindon said, to learn lessons from the serious mistakes made when the current franchise was let under the previous Government. After a reduced service was specified on some routes, demand increased considerably, once the new franchise became operational. That resulted in controversial crowding, compounded by significant problems with reliability. Following on from that, a number of services were added to the franchise over and above the contracted minimum. The coalition recently agreed to fund a further 54 carriages on the network, including roughly 4,500 extra seats on the Thames valley lines. However, as my hon. Friends have said, demand continues to increase, so that crowding levels are still a live issue for the franchise.

To respond to passenger concerns about crowding and to support the economy, jobs and growth, the Government have prioritised investment in our rail network. Our programme of rail improvements is on a bigger scale than anything since the Victorian era. Some of the most ambitious and important changes will be taking place in the area served by the Great Western franchise. They include the intercity express programme to deliver a new fleet of electric and bi-mode trains and extra capacity; electrification of the lines linking Paddington, Bristol, Cardiff, Oxford and Newbury; upgrades to signalling and train operating systems; provision of an electric suburban fleet; a massive redevelopment of Reading station; Crossrail infrastructure works and rolling stock introduction; and, last but not least, the redoubling of the Swindon-Kemble line. Ultimately those will generate major benefits for passengers and for the economy of the area served by the franchise. However, delivering a programme on that scale is bound to have an impact on services during the construction and delivery phase, so franchise bidders will be expected to present robust proposals for minimising disruption during the upgrade works, with a keen focus on the needs of passengers.

As several of my hon. Friends have acknowledged, we are reforming rail franchising to give operators greater flexibility to respond to customer demand in a commercial way, but within a framework set by the franchise, which protects key outcomes, key journey opportunities for passengers, taxpayers and the economy. Our starting point in setting the specification for the franchise will be the current level of service rather than the contracted minimum. We also expect the franchise to include requirements on passenger satisfaction, for example in relation to stations, which several hon. Members have called for. As I have said, we propose a 15-year term for the new franchise. We believe that the increased certainty that that will provide will encourage private sector investment in the railways and the sort of long-term thinking called for by my hon. Friends the Members for Gloucester (Richard Graham) and for South Swindon. A longer franchise should also make it easier for the new operators to build the long-term working relationships with Network Rail and other stakeholders, such as local authorities, that are crucial to an efficient and successful railway. We will be asking bidders to consider how they would strengthen the reliability of services and improve stations and trains. Throughout the process, Passenger Focus will have a vital role to play, emphasising the huge importance that the Department places on passenger concerns. We are grateful for the useful input that Passenger Focus has already given us.

My hon. Friends the Members for Gloucester and for Truro and Falmouth and the hon. Member for Plymouth, Moor View, and others, called for faster journey times on the route. Those would in some circumstances require investment in infrastructure. That, of course, would involve a call on the taxpayer. The case for such investment can be strengthened if the wider economic benefits of improved connectivity can be properly understood and analysed. There is obviously a unified view among my hon. Friends about that, and it may be productive for hon. Members to work with local authorities, LEPs and other stakeholders in the south-west, to evaluate more formally the potential benefits of the kind of infrastructure works that would improve journey times, and such things as further electrification, which others have mentioned today. Other relevant issues might be the adoption of the model that has been used successfully in the north, on the northern hub or in relation to east-west rail, with the overall costs and benefits, and the possibility of section 106 contributions to the line, mentioned by my hon. Friend the Member for Chippenham (Duncan Hames). If faster journey times would involve taking out intermediate stops, the concerns of the communities that value those stops would need to be fully considered.

I know how important the sleeper service is in the south-west. We are at too early a stage to be able to announce all the final decisions, but we would expect bidders to consider clearly and carefully the popularity of the service when they were developing their proposals for the train services to run under the franchise. We will also be interested to hear bidders' and other stakeholders' proposals on additional electrification. We can see great benefits in western access to Heathrow, and are looking seriously at that in conjunction with our work on High Speed 2. If the Government go ahead with their HS2 plans, the interchange at Old Oak Common would, as my hon. Friend the Member for Truro and Falmouth

said, provide important new journey opportunities for people outside the south-west.

We fully recognise the concern about rail fares and the pressure they place on family budgets, which is why the Chancellor has secured funding to cancel the proposed RPI plus 3 increase and revert to RPI plus 1 for the January fare increases. However, we recognise that it is vital to provide a longer-term solution, which means getting the cost of running the railways down, so that we can provide better value for money for passengers. We will expect the new operator for the Great Western franchise to develop close working relationships with Network Rail, as they are essential for bringing the costs of the railways down, as Sir Roy McNulty demonstrated.

We are keen to explore the scope for devolving further aspects of rail to local authorities. We plan to publish in the near future a consultation on devolution options for rail services in England. We have been discussing devolution with a range of local authorities including Devon and Cornwall, which have expressed interest. There is plenty of scope to use existing mechanisms to strengthen the input of the community and local authorities in the refranchising proposals.

I welcome the speeches that have been made today. I hope that all hon. Members will take part in the consultation and encourage their constituents to do the same.

Child Support Payments

11 am

Mr Wayne David (Caerphilly) (Lab): Earlier this year, I was approached by Miss Nicola Richardson of Gilfach, Bargoed, who was concerned about the lack of financial support from her non-resident ex-partner for their two children. My constituent explained to me that her ex-partner did not have to pay any maintenance to the Child Support Agency, as he was a retained, or part-time, fireman, and his income from that work was excluded. The CSA assessment that Miss Richardson received stated that her ex-partner was to pay zero pounds.

Understandably, my constituent thought that to be extremely unfair, and I could think of no logical reason why she should have received such an assessment. I therefore made inquiries to the CSA and was informed that what my constituent told me was accurate. According to paragraph 4(2), schedule 1 of the Child Support (Maintenance Calculations and Special Cases) Regulations 2000,

"any payment made in respect of the performance of duties as…a part-time fireman"

is not included within the calculation of a non-resident parent's net weekly income.

The CSA informed me that similar exclusions apply for other occupations, including

"members of the auxiliary coastguard in respect of coast rescue activities, persons involved part-time in the manning or launching of a lifeboat, local councillors and members of the territorial or reserved armed forces".

I was told that the purpose of the exemptions for those occupations is to encourage voluntary public service and to ensure that maintenance calculations can be made efficiently.

The explanation went on to state that, if such earnings were not exempt, the calculation of a non-resident parent's net weekly income would be dependent on attendance-based earnings for the performance of duties, which could vary from week to week. According to the CSA, that would mean that there was a necessity to recalculate the amount due to be paid weekly. It also stated that that would have a "significant effect" on its ability to keep cases fully up to date, and therefore on its ability to provide

"an acceptable service to the vast majority of our clients".

I found that to be quite a remarkable reply. To begin with, how can such exemptions, particularly in the case of part-time firefighters, be to encourage voluntary public service? Part-time firefighters are on an annual salary, ranging from £3,622.50 to £15,390. In the case of Miss Richardson's ex-partner, he has been a part-time fireman for some 12 years, and my guess is that his salary is towards the upper end of that range. The work of part-time firefighters is to be commended, but by any stretch of anyone's imagination, it is certainly not voluntary.

The other justification of the CSA is basically down to the fact that it finds it too much of an inconvenience to bother to work out a fair payment based on a variable salary. The result is that hard-pressed mothers and their children are being deprived of much needed financial assistance to which they are certainly morally entitled.

[Mr Wayne David]

Having been amazed by the regulations and the CSA's interpretation, which I have no doubt is accurate, I wrote to the Department for Work and Pensions and the Minister responsible, the Under-Secretary of State for Work and Pensions, the hon. Member for Basingstoke (Maria Miller). She confirmed to me that what the CSA indicated was accurate, about which I have no doubt. In a letter to me in August, she stated that

"the law is quite clear on this matter"—

indeed it is. Disappointingly, in response to my question about whether the Government had any intention to review the law, I was informed in no uncertain terms that there are

"currently no plans to change this legislation".

I hope that she will today have second thoughts.

I hope that I have highlighted an aspect of the CSA regulations that is clearly unfair. Understandably, my constituent feels strongly about the issue. She has organised a local petition—I have a copy of it with me—which has already attracted many hundreds of signatures. The petition makes the essential point that, because of the regulations, children are being denied the support that they need and to which they are surely entitled.

At the end of the day, the issue is not about the efficacy of regulations, but about ensuring that the resident parent has the financial means to enable their children to enjoy a healthy and secure childhood. That is why I strongly believe that it is necessary to have a discussion about it. I recognise the complexity, but let us stand four-square behind the principle of fairness and change the regulations once and for all.

11.6 am

The Parliamentary Under-Secretary of State for Work and Pensions (Maria Miller): It is always a pleasure to serve under your chairmanship, Sir Alan. I congratulate the hon. Member for Caerphilly (Mr David) on securing this debate. He has experienced a problem that many other hon. Members have encountered, and the debate gives us an opportunity to ensure that there is absolute clarity on how the Government will address the special occupation rules that he has drawn to the attention of the House today.

First, it is absolutely important for me—I am sure that I also speak for the hon. Gentleman when I say this—to pay tribute to the vital role played by people in the occupations that he has mentioned. Whether part-time firefighters, lifeboat men, servicemen, our councillors or auxiliary coastguards, among others, they carry out absolutely vital roles at the heart of our communities and with our armed forces; roles that keep our communities moving forward. That group of people—I am sure that he will agree with me—give a great deal to our community and understand the importance of duty and service. A broken child maintenance system is failing them, letting them and many other people down.

When the second child maintenance scheme was established in 2003, it was felt that earnings from such occupations should not be included as income when calculating what child maintenance to pay. That decision was taken to simplify the system. Such simplification proved to be desperately necessary, not least because the new IT system introduced in 2003—a specifically designed and built bespoke system—could not cope with the demands made of it.

A great deal has been learned in the intervening eight years about how best to approach computerised databases, and today the Government take an entirely different approach. For example, the new IT system introduced for personal independence payments and the new child maintenance system—the future scheme—will use out-of-the-box solutions; they will be applied to a situation, but have not been developed specifically for that situation. With personal independence payments, we are using an IT solution that is already in use in Canada, Australia, New Zealand and Ireland.

Back in 2003, the new IT system for the Child Support Agency had been built from scratch. There were significant problems—I am sure that the hon. Gentleman will remember them, because he has served in this place longer than I have—from the word go with the coding and build of untried systems. At that time, the payments made to clients from the occupations that we are talking about tended to be relatively small. That is no longer always the case, and I have an enormous amount of sympathy for the hon. Gentleman's constituent.

Although the current position was established for a number of reasons, I believe that it is unsustainable. No matter how praiseworthy the efforts of those in part-time professions are, they are often parents, and their children must be at the forefront of our minds when we develop such policy. I pay tribute to my colleagues in the Child Maintenance and Enforcement Commission, who work tirelessly to secure money for children from separated families.

The hon. Gentleman will be aware that the current IT system continues to be a source of grave concern, which is why we are launching a new child maintenance scheme next year that will replace the current Child Support Agency schemes and its two IT systems. Hon. Members may also be aware that the second system continues to have significant problems. Some 100,000 cases can no longer be dealt with in the system and must be handled clerically at almost double the cost. In practice, a third IT system must be deployed.

As part of developing the new scheme, I have considered whether non-resident parents should have the income from so-called special occupations taken into account. The effects of the current position can be serious. For example, a non-resident parent, who is a member of the Territorial Army deployed to Afghanistan for a number of months—I am sure that the hon. Gentleman, like me, has constituents who are in that position—and who derives their sole income for this period from their pay as a soldier has a child maintenance liability of nil. That is different from the position of the regular soldiers serving alongside them who continue to be liable to pay maintenance and of their colleagues whose children continue to be part of their current family. The effect is to leave the children of TA soldiers and any others who fall into this category who are non-resident parents and are deployed on operations entirely unsupported for an extended period. Not including this income within the child maintenance calculation is unacceptable. I agree with the hon. Gentleman's comments and believe that we should change the rules.

For the new child maintenance scheme, we propose to base the liability of such non-resident parents on their total weekly income. By using Her Majesty's Revenue

and Customs income data, we will avoid the administrative complexities that arose in the original scheme and provide a fairer system for the children of such parents.

A consultation on the Child Support Maintenance Calculation Regulations 2012 was launched on 1 December 2011 and will run until 23 February 2012. The hon. Gentleman referred to the letter that I wrote to him in August. What I said was correct at the time. I was actively looking at the issue, but as I was unable to bring it to the attention of the House, I was not able to fill him in on the details. I thank him for giving me the opportunity to do so today.

The regulations as drafted would remove the special occupation exemptions. The hon. Gentleman is a trail blazer in this area. We are very like-minded, and I hope that, as a sign of some Christmas spirit in this place, we will find a common understanding and a common approach to this really important issue.

Mr David: I thank the Minister for her comments. I welcome the fact that she has accepted my argument and recognised that there is a huge anomaly that morally needs to be addressed and that will be addressed with the new regulations. However, will those who are on the current system be able to transfer to the new regulations? Will those who currently lose out, and whose children lose out, be able to have the situation addressed under the new system?

Maria Miller: The hon. Gentleman was reading my mind; I was about to move on to that very issue. Let me reiterate, though, that I inherited the anomaly. I commend my colleagues for acting so swiftly that we can introduce regulations to address this matter under the future scheme. I hope that the hon. Gentleman will be able to support the measures in the Welfare Reform Bill, which will support the introduction of the new scheme, including the IT system, and to encourage his constituents and his hon. Friends to make their views known as part of the consultation. None the less, as he rightly says, people face financial problems now. I should certainly like to make such changes to the existing child maintenance scheme, and I have considered doing so in some detail. However, we inherited a situation in which 100,000 cases have fallen out of the system due to its failings and the prohibitive cost to the taxpayer continues to be borne.

To make fuller changes to the existing scheme rules and the underpinning IT systems risks further problems and added costs to a system that already presents the taxpayer with a bill of £450 million per annum. I share the hon. Gentleman's frustration, but I hope that I can garner his support for the implementation of the new scheme as soon as possible. That is dependent on the enactment of the Welfare Reform Bill.

Ian Paisley (North Antrim) (DUP): I agree that it is important to maintain maturity and consensus on this matter if we are to move forward swiftly. Will the Minister ensure that, whenever the Department addresses these anomalies, proper and appropriate training is given to staff, so that they can take the claimant through the process swiftly and with as few problems as possible?

Maria Miller: I thank the hon. Gentleman for his intervention, which gives me the opportunity to talk a little about the staff at the Child Maintenance and Enforcement Commission. I was in Belfast recently, visiting the arm of the commission that deals with his constituents in Northern Ireland and the constituents of a region in England. I was impressed with its capability and its commitment to do a good job for all of our constituents.

The issue lies in the failings of the IT systems, the approaches taken in the past and the complexities of previous systems. As we look to the new scheme, I urge hon. Members to remember that simplicity and replacing the current IT system are critical if we are to effect the sort of changes that the hon. Gentleman advocates.

Mr David: Basically, I understand what the Minister is saying, but it is not a positive message for people such as my constituent who are losing out and whose children are losing out because of the failings of an IT system. It is not of benefit to them to say, "Things will be better in the future with a new IT system and a new scheme, but they will not apply to you." When MPs get in touch with the CSA, they often find it very helpful. It allocates individuals to specific cases, and quite often individual cases are tremendously complex. It should not be beyond the wit of the Government to ensure that a system is in place that gives special consideration to individuals who lose out at the moment and whose neighbours face similar circumstances, so that they might be okay in the future.

Maria Miller: The hon. Gentleman raises an important point, and we want to ensure that more children benefit from positive financial arrangements. Too often, that is not the case at the moment. Half the children who live in separated families do not have a secure financial arrangement in place. However, more than half the parents within the child maintenance system feel that they could make their own financial arrangements with the right support. So I urge the hon. Gentleman to consider what support he could give to his constituents, so that they can consider making their own financial arrangements. There is no requirement now for anybody to make their financial arrangements through the Child Support Agency or the Child Maintenance and Enforcement Commission, but there is a requirement for people to meet their parental responsibilities and have a financial arrangement in place to support their children.

As I say, more than 50% of people with arrangements within the CSA feel that they could make their own arrangements with the right support, and that is very much at the heart of the approach that we are taking with the new scheme that we will put in place in 2012. The new scheme will address many of the failings that we have discussed today and that hon. Members will have experienced on an ongoing basis. It will be underpinned by a new IT system, which has been tried and tested by using systems in the commercial world. It will use HMRC data to enable parents to get financial support for their children in place, either within the statutory scheme or outside it.

In addition, we will introduce charges for the new scheme, to encourage more people to take responsibility to make the arrangements themselves. That approach is much better not only for the state—in terms of reducing costs—but for the children involved. The application charge, for which there will be an exemption for victims of domestic violence, will provide another vital incentive for people to consider a family-based arrangement before turning to the state for support.

[Maria Miller]

We will also introduce collection charges and penalty fees if we have to use enforcement action. As I am sure the hon. Gentleman will agree, all too often people appear to feel that paying child maintenance is an optional extra. It absolutely is not—parents have a clear responsibility to make financial provision for their children. We want to promote a real attitude change, which perhaps has not been achieved before, to help to deter parents from failing to meet their responsibilities and to help them to think carefully about taking responsibility themselves.

The scheme will remain heavily subsidised by the taxpayer, and parents on benefits will still have all their maintenance disregarded, so that they keep all their benefits and all their child maintenance. That will help to ensure that more children have the necessary financial support in place.

The hon. Gentleman rightly asks, "Why can't we do something now?" My concern is that we must ensure that the current system continues to operate, although in a very difficult set of circumstances, until the new scheme can be put in place. I must take the judgment that adding further complexity to the already broken system that I have inherited will not be best for the vast majority of parents. Put quite simply, the current IT system can barely cope at the moment and to add more complexity to it would cause more concern in the future. However, there is nothing stopping the hon. Gentleman's constituent or, indeed, anybody else who is following the debate today from taking action to ensure that their children receive fair financial support following separation.

With the new scheme, I am talking about a strong package of reform, not for some distant future but for 2012, when we will roll out the scheme for parents and children who are currently within the statutory system. It will address the hon. Gentleman's concerns; it will be fairer for parents and the taxpayer; and most importantly, it will support children in the right way, with parents taking real responsibility for their children's welfare regardless of their own adult relationships.

11.23 am

Sitting suspended.

Rail Services from and to Scotland

[Mr Philip Hollobone *in the Chair*]

2.30 pm

Mr Philip Hollobone (in the Chair): I welcome Members to our debate this afternoon.

Mark Lazarowicz (Edinburgh North and Leith) (Lab/Co-op): Thank you very much, Mr Hollobone. It is a pleasure to see you in the Chair today. I take this opportunity to extend the compliments of the season to you and other Members, and to members of our staff in the room today.

I am very glad to have this opportunity to raise a number of issues concerning rail services in Scotland. For the most part, rail services within Scotland are a devolved responsibility of the Scottish Government, and I certainly do not wish—and would not be allowed by you, Chair—to deal with matters under that devolved responsibility. However, there are some important aspects of rail in Scotland for which policy or legislation is made at UK level, and I wish to raise those today.

The first issue is the future of cross-border rail services, and perhaps today is a very appropriate time to raise it, given that over the Christmas and new year period many passengers will be using the services to visit family and friends both north and south of the border. At present, the cross-border services fall under the franchise arrangements controlled by the Department for Transport, with its responsibility for services throughout Great Britain. However, those arrangements are now under threat, as a result of proposals put forward by the Scottish Government's transport agency, Transport Scotland. As part of options for the future of rail services in Scotland, Transport Scotland is

"considering whether services north of Edinburgh should be provided by the Scottish franchisee, with Edinburgh becoming an interchange hub for cross-border services in the east of the country. In this scenario cross-border services would terminate at Edinburgh Waverley, with onward connections being provided by ScotRail."

As a result of the cross-border services stopping at Edinburgh and Glasgow, there would be no through trains from England to destinations further north, such as Perth, Dundee, Aberdeen and Inverness to name just a few. For that to happen, I understand that the Scottish Government would have to get the agreement of the UK Government to change the franchise arrangements, so today I want to raise my concerns about that possibility, in the hope that the Minister of State will listen to Members and will herself express reservations about the proposal. I also express my concerns today in the hope that Transport Scotland and the Scottish Government will listen.

At present, there are seven trains a day from England to destinations north of Edinburgh and Glasgow—plus the sleeper services, about which I will speak later—which provide through links, not just on the east coast line to London but on the west coast line to the English midlands and the south and south-west of England. Seven trains does not sound like many, but that is perhaps 2,000 plus seats a day, and is equal to perhaps 20 planes or 500 cars. I, and many others in Scotland, and indeed in England, believe that if the proposals result in the termination of cross-border services at Edinburgh and Glasgow, they are a serious mistake.

The option suggests that there would be an "interchange hub" at Edinburgh, but that is not a good idea. Edinburgh Waverley, as anyone who uses it will know, is a large station with about 20 platforms at the last count, and one could well imagine passengers, particularly the more frail, taking at least 15 minutes to change trains, allowing for time to go through the ticket barriers of the different operators. There is also considerable building and renovation work going on, which is likely to cause extra disruption for years to come. For passengers travelling long distances, who are more likely to have more luggage, having to change trains in Edinburgh would be extremely inconvenient and add to journey times.

Ann McKechin (Glasgow North) (Lab): I congratulate my hon. Friend on raising this important topic. Does he not agree that, given that 26% of the Scottish economy is based in the Aberdeen area, as a result of the oil and gas industry, it would be incredibly short-sighted in terms of not only general social traffic but economic traffic to stop cross-border trains going up to Aberdeen and beyond?

Mark Lazarowicz: Absolutely. As a regular user of east coast trains, sometimes using the services that go through to Aberdeen, I know that they are very well used. I have had feedback from the business community in Edinburgh, speaking not just for Edinburgh but more widely, about the potentially very damaging consequences for Scotland's economic interests, because of the effect both on business travel and on the wider travel services between important parts of the Scottish and UK economies.

Another feature of Transport Scotland's proposals that concerns me is the suggestion that having all journeys in Scotland north of the central belt run by one operator—ScotRail—would in some way be an advantage because it would remove other operators. I am not sure that it would be an advantage, because apart from the difficultly of having to change trains, passengers travelling north of Edinburgh would not have the option of using alternative operators if they so wished. Having said that, it is interesting that these Transport Scotland proposals seem to some extent to contradict others it puts forward in the same document. Elsewhere, it suggests that the Scottish franchise could be broken up into two or three franchisees, including one that would run the "economic" day services, presumably the profit-making ones, and another that would run the social services, presumably the loss-making ones. In my view, that would be a retrograde step, but it is probably not an issue to be discussed at length today.

Mr Russell Brown (Dumfries and Galloway) (Lab): I compliment my hon. Friend on securing the debate. In the rural location I represent, there is a deep concern that we will see a central belt locality with lots of passengers and rail services, offering, to all intents and purposes, a first class service, alongside the potential for second class services—I hate to use that term—being offered just on and off in rural localities, and not really meeting the genuine needs of people living there.

Mark Lazarowicz: That is a genuine concern. I obviously do not know the detailed financial arrangements inside ScotRail and its franchise, but there is currently some cost subsidy between the different sections of the route, and we could well see a situation in which the economic franchise took all the good routes, with the profits going to the shareholders or the Scottish Government, and the social services suffered, as very much the poor relations. That would certainly be a consequence if that line was followed by Transport Scotland. To be fair, it is only an option, and I do not want to misrepresent it as the preferred option.

The outcome of the changes to cross-border services is pretty clear. Instead of having one through ticket on one through train, passengers could have to change services, wait sometimes in the cold—Edinburgh Waverley is not the warmest station in the world, I regret to say—and have the hassle of negotiating various pricing deals offered by different rail companies as they change trains. More passengers would therefore stop using rail. They would fly or add to traffic on already busy roads, and some tourists might not come at all. They would certainly be less likely to travel north of the central belt to areas where tourism is so important to the local economy. The proposals would not only affect passengers on long-distance cross-border services; there would also be a loss of choice for passengers from places such as Edinburgh to destinations further north, including Dundee and Inverness on the east coast services, and, dare I say it, there would be a loss of competition as well.

The operational arguments for maintaining cross-border services seem overwhelming, and the benefits to passengers are certainly clear. I am concerned that it appears that one of the motivations for the proposed termination of cross-border services at Edinburgh and Glasgow is what can only be described as a narrow financial interest. I quote again from the Transport Scotland report:

> "The provision of these services, whilst providing additional capacity, also takes potential passengers and revenue from ScotRail services, and thereby affects the levels of subsidy required from the Scottish Government."

The first priority should not be whether a few pounds, euros or even Scottish dollars should be saved for the Scottish Government; it should be the needs of passengers. I hope that the Scottish Government and Transport Scotland will recognise that, and the other concerns that I am raising. I urge Transport Scotland and the Scottish Government to keep our cross-border services, and I hope that the UK Department for Transport will make those views known to the Scottish Government.

Many of the arguments against cutting cross-border services also apply to Transport Scotland's proposals for sleeper services between Scotland and England. In its report, Transport Scotland suggests that all or at least some services be removed from the requirement to operate under the ScotRail franchise and allowed to operate under a separate franchise. The report gives various suggestions about whether that franchise should be supported financially or run commercially only. It also suggests that only services to and from Edinburgh be franchised, leaving other services to be operated on a commercial basis only. Effectively, that would almost certainly mean that they would not be operated.

Leaving aside the fact that removing sleeper services from the ScotRail franchise, thereby jeopardising their future, would be an extremely odd move at a time when the UK and Scottish Governments are considering financing new sleeper stock, if such a cut were made or sleeper services were totally withdrawn, it would be bad

[Mark Lazarowicz]

news for passengers, and particularly bad news for the business and tourist sectors. I spoke last week to people from the Edinburgh business sector who expressed concern that a threat to the Edinburgh sleeper service would damage the business and tourism connectivity of Edinburgh and of Scotland as a whole.

I hope that the Minister shares my concern about both those issues, and I hope that her Government will reflect to the Scottish Government the concerns shown by many in Scotland in business, leisure and local communities, as well as workers in the rail industry. I certainly hope that Transport Scotland will think again.

I emphasise that I am not against change in the ScotRail arrangements or anywhere else, but I am against change so damaging to the travelling public. I would like some imagination from both Governments and from the rail industry in general about how existing service patterns might be improved to provide better connections between Scotland and England and better cross-border services, rather than making it more inconvenient to travel across the border. For example, at a time of big increases in rail travel on day services, could we not consider providing more sleeper services in the UK rather than fewer, perhaps reinstating some of the services cut a few years ago, or even overnight services from Scotland and the north of England to the continent of Europe?

On day travel, is it not time to consider how to improve cross-border services rather than cutting them? On my recent visit to Liverpool for the Labour party conference, due to the non-existence of through services, I was reminded again of the number of changes involved and the difficulty of connections from Edinburgh and Glasgow to that major city. There are also other places in England where through services to Scotland are not what they could be. In my view, we should be considering improving the service rather than cutting it in the way proposed by Transport Scotland. I hope that Transport Scotland and the Department for Transport will consider those thoughts for the future, as they will have to work together on the issues due to their cross-border implications.

I have spent some time referring to and criticising some of the proposals for rail services made by Transport Scotland. There are many others on which I have a view, but I will not mention those that are primarily of devolved concern. There are obvious overlaps between both devolved and reserved responsibilities. I know, for example, that people in Scotland are angry at the increase in fares announced for Scotland, as for the rest of the UK, but that is obviously the responsibility of the Scottish Government and Parliament, so I will not go into it in more detail, although I emphasise that views on the issue are extremely strongly held.

I will comment on one area of future policy that concerns both Transport Scotland and the Department for Transport: high-speed rail. Having so far been critical of Transport Scotland's proposals, I will now be more positive about some of its recent ones. Indeed, I warmly welcome its recent report, "Fast Track Scotland: Making the Case for High Speed Rail Connections with Scotland". The report was published earlier this month and resulted in numerous conclusions with broad or all-party support. The first is:

> "Scotland stands united in support of high-speed rail. It is vital that a high-speed rail network be established across the UK to secure its future competitiveness and economic prosperity",

as well as the competitiveness and economic prosperity of the entire UK.

The report continues:

> "The investment case for high-speed rail is strong, but is stronger when Scotland is included.
>
> Scotland supports a high-speed rail strategy which brings Edinburgh and Glasgow closer to London and the UK's great cities, and which preserves and enhances aviation links with London's airports for the north of Scotland.
>
> A new high-speed line must be built to Scotland to realise the fullest economic and environmental benefits for the UK."

I endorse those comments completely. I believe that high-speed rail is important to improve journey times, for environmental reasons and to improve capacity on the rail network as a whole. Transport Scotland's report presents a powerful case for connecting Scotland with the high-speed rail network. Equally, the report highlights how a failure to connect high-speed routes to services on other lines could damage Scotland's interests by placing it and cities in the north of England in a relatively worse position, in terms of journey times and rail capacity, than cities linked to the network.

As I have said, it is in the interests of the UK's high-speed rail network as a whole that Scotland should be part of the network, because of the benefits that it would bring to the business case for the whole network. Business leaders throughout the UK support Scotland's inclusion in a high-speed rail link.

Ann McKechin: Does my hon. Friend agree that the approach taken by HS2 Action Alliance has been disappointing? It wrote to Members earlier today expressing that an alternative that would save a mere 20 minutes of journey time should be satisfactory. I represent a Glasgow constituency, and he represents an Edinburgh one. Given that the joint economic force of Glasgow and Edinburgh makes them the second largest economy outside London, does he agree that the strength of the case is overwhelming? It is time for those who oppose HS2 to consider properly the economic interests of all parts of the United Kingdom.

Mark Lazarowicz: I agree with my hon. Friend. I understand that the exact route of High Speed 2 is being debated, as are issues such as the right route and speed for a line, at what speed trains could run and whether changes could be made to reflect the environment. I accept all those concerns—I am not saying that one should not—but ultimately, it is not just a question of taking 20 minutes off the time to reach Glasgow and Edinburgh. In any configuration, we are talking about major time savings. By definition, those time savings increase the longer the distance travelled, which is why it is so important to the business case of the whole line that Scotland should be included at an early stage in the planning.

Support for Scotland's inclusion in the high-speed rail link comes from business leaders throughout the UK. The London chamber of commerce and industry says that

> "for HS2 to improve the country's connectivity and infrastructure capacity, it must reach the whole of the UK. Only then will the expected business and transport benefits be enjoyed by the entire

country... Consequently, the line should also be planned and thought of in its totality, rather than as independent and isolated sections."

I absolutely agree.

The Greater Manchester chamber of commerce says:

"Glasgow and Greater Manchester are two of the UK's largest economies and the third and fourth biggest population centres in the country. Strong economic development within these cities will be essential for countering the economic dominance of London and providing the driver for growth within their respective regions. As such, high-quality links between these centres is essential for developing trade, tourism and expanding the knowledge, opportunities and labour catchment areas for these conurbations... Significantly, though, the benefits of high-speed rail are greater over longer distances, and therefore the time savings between Manchester and Glasgow would be significant enough to help deliver a shift in mode of travel and generate passenger demand on the new rail network."

That is why I, along with opinion across the political and social spectrums in Scotland and beyond, am extremely concerned by the possibility that serious planning for high-speed rail to Scotland will not even start for many years. If planning for high-speed rail to Scotland is left until later, it could be the 2040s at the earliest before high-speed rail reaches Scotland. Such a long delay after the routes reach the midlands and the north of England would be extremely damaging to the economic interests of Scotland and those parts of the north of England not linked to the route.

To secure the funding to allow high-speed rail to reach Scotland requires choices, and I accept that they may be choices about routes, speeds or the location of sections of routes. Putting together the funding package is still many years off, but I want to emphasise that we do not want to be in a situation where not even the planning has been started. We must ensure that we plan now for Scotland to be part of that high-speed line. Detailed planning of HS2 must be done at this stage, as the report from Transport Scotland and the Scottish Government calls for, and I fully endorse it.

Let me emphasise again that it is in no one's interest for Scotland to be left at the end of a high-speed line. The Scottish Government have said that they will pay for the Scottish section of such a line. Although their commitment looks a little shaky under closer analysis, I am sure that a future Scottish Government of any political shade would recognise the value contributing to a project of such importance for Scotland. I understand that Scottish Ministers hoped to meet the Minister or her colleagues to discuss the issue. Was any progress made in those discussions? Is there potential for an agreement with the Scottish Government?

I could say much more, and although there is time to do so, it is right to allow the Minister and the Front-Bench spokesman plenty of time to respond to the concerns that I have raised. There are certainly many other rail policy issues at UK level that concern Scotland, including a number of the implications of the McNulty report and some of the proposals in the Transport Scotland report on transferring some of the responsibilities that Network Rail supervises at a British level to a devolved level. They are significant matters, but they are perhaps too technical and lengthy and would require me to divert to another subject at great length.

Maintaining the sleeper and cross-border services and planning for future and better connectivity are important and concern all Scotland. I hope that the Minister and the Front-Bench spokesman will say something that recognises the importance of those issues, assures us of a way forward and, as I have indicated, sends a clear message from the House to Transport Scotland that some of its proposals would be extremely damaging to transport interests throughout Scotland.

Mr Philip Hollobone (in the Chair): Before I call the Front-Bench speakers, may I say, after that excellent start, that this is a slow debate? We are taking the scenic route with plenty of time to admire the view. The Opposition spokesman need not trouble himself to rush to the end of his remarks. I call John Woodcock.

2.52 pm

John Woodcock (Barrow and Furness) (Lab/Co-op): Thank you for that sound advice, Mr Hollobone. May I say at length what a pleasure it is to serve under your chairmanship? I congratulate my hon. Friend the Member for Edinburgh North and Leith (Mark Lazarowicz) on securing the debate and on his excellent speech about a critical issue for, of course, Scotland, but also for the economy of the whole United Kingdom. Throughout the debate, it is important that we keep that in mind.

In recent weeks, we have heard concerning noises from the Scottish Government on the future of not only rail services in Scotland, but cross-border services, as my hon. Friend described. Given the franchise renewal timetable—two of the three major cross-border operations are due to be re-let in the next 24 months—this is a timely moment to discuss Government policy on cross-border rail services. He expressed the importance of the subject well.

On a personal level, as a twice-weekly user of the Euston to Glasgow service to return to my constituency, I am very aware of how well used and often overcrowded such services are. Although the train may be overcrowded this evening and a little late, the journey back home to my constituency for Christmas will be made all the sweeter for having had the chance to take part in the debate today, so, again, I thank my hon. Friend and congratulate him on securing this debate on the last afternoon before the Christmas recess.

It is important to talk about the improvements made to both lines into Scotland over the past decade. They were often made at a greater cost than should have been the case, but were improvements nevertheless. Despite the overruns and pain for passengers arising from the west coast main line upgrade, the end product was reduced journey times to Glasgow, with a more reliable service, operated by modern trains. One hundred and six extra Pendolino coaches, which were ordered under the previous Government, will arrive in the UK to provide extra seats on the route, and Lord knows they are needed at peak times.

The number of trains has steadily increased on the east coast route, with a half-hourly service to Edinburgh, which my hon. Friend mentioned, running for much of the day. The major timetable change, announced by the Labour Government last year, cut journey times and reintroduced a Flying Scotsman service, which takes just four hours between the capitals. The CrossCountry and TransPennine Express services into Scotland have benefitted from new rolling stock and increased frequency. Nevertheless, significant shortcomings in cross-border services remain, which is why the Scottish National party Government's policy to cut Scotland off from the

[John Woodcock]

rest of the UK is so worrying. As an aside, it is also worrying that no SNP Members are here for a debate that affects the links between Scotland and the rest of the UK and that is directed at the alarming decision their colleagues in Government in Holyrood have brought forward and seem set to plough ahead with.

Even now, overcrowding on some trains limits the capacity for the modal shift that we would like from domestic air travel to rail. Walk-on fares are high and the cheapest deals sell out quickly. Passengers have to endure periods of very poor reliability, leading this week to the Office of Rail Regulation taking enforcement action against Network Rail due to poor performance on those routes. Ministers need to address those concerns when they make decisions on the future of the west and east coast franchises.

The proposals for a 14-year franchise on the west coast do not require extra capacity to be provided before 2026 and Ministers have scaled back the size of the inter-city express programme, designed to provide new trains and extra seats on the east coast. I am afraid that all that points to lack of clarity and ambition for cross-border services over the next couple of decades.

As ever, my hon. Friend led the charge on high-speed rail to Scotland. He made his case strongly, as he always does. It is important that we are clear that Scotland will benefit if we secure the scheme that is on the table, but still, unfortunately, remains in doubt—that is, a new high-speed line right the way through to Manchester and Leeds. With through-running on to the existing network, that will reduce journey times from London to Edinburgh and Glasgow by at least an hour. By bypassing the most congested parts of the east and west coast main lines, HS2 can allow for a step change in the frequency of cross-border services, which I am sure everyone in today's debate would want to see. That is why we are continuing to urge the Government to introduce a single Bill on the full route to the north of England, rather than simply for the route to Birmingham, as is currently planned.

I know that the Minister will be particularly grateful for potentially having considerable time to wind up today and deal with where she is on that issue at length. She can perhaps give us a preview of the forthcoming announcement on HS2, which we all expect and hope will be made early in January. Ministers claim to be committed to the fully shaped network, but we need more than words. As mentioned on the issue of going all the way up to Scotland—it is the same for going up to the north of England—the principle remains that the business case for high-speed rail is far stronger if it extends to Manchester and Leeds. The benefits that that would bring to Scotland are a key part of that case.

However, it is understandable that my hon. Friend has focused his concern today on the "Rail 2014" document produced by Transport Scotland. As he said, obviously, the bulk of its contents deals with internal Scottish services. The threat of having fewer trains calling at fewer stations is certainly worrying for the constituents of my hon. Friends here today.

Mark Lazarowicz: I wanted to intervene on my hon. Friend before he moved off the subject of high-speed rail. Will he consider again the fact that it is of absolute importance that detailed planning for HS2 going to Scotland takes place at this stage, rather than waiting until the second hybrid Bill is going through the House? If we do that, bluntly, the chances are that high-speed rail will not go to Scotland for two or three decades. That would not be good enough.

John Woodcock: I hear—as do all hon. Members—the case that my hon. Friend has consistently made on that. The Government's commitment to take the line only up to Birmingham and to legislate for that is alarming. Certainly, there is an opportunity here. Without delaying the building work and the commencement of construction by a single day, the Minister could easily create a single hybrid Bill that would legislate to take high-speed rail all the way up to Manchester and Leeds. She may want to say what the timetable implications are for the suggestion that my hon. Friend has made.

The cross-border services set out in the consultation document are remarkable. It is astonishing that a Scottish Government who claim to represent the whole of Scotland are suggesting the removal of through-services from London and other parts of England to towns and cities north of Edinburgh. That will force passengers to change at Edinburgh Waverley, with all the particular difficulties that my hon. Friend has laid out so well.

Under those plans, the roll-call of Scottish places that would lose their direct London trains is damning: Inverness, Dundee, Perth, Stirling, Falkirk, Kirkcaldy, Montrose, Arbroath, Aviemore, Pitlochry and Stonehaven. My hon. Friend the Member for Dumfries and Galloway (Mr Brown) has rightly raised concerns about the possible loss of the Glasgow to Carlisle through-service. That concern would be felt in my county of Cumbria to the same extent as it would in his constituency and beyond. By my count, under the proposals that the Scottish SNP Government have introduced, just five locations in Scotland would retain long-distance services into England.

As has been mentioned, those services are important to businesses across the north of Scotland—as much to the oil industry in Aberdeen as, for example, to bed and breakfasts in the Cairngorms. The direct service is appreciated by older people, by those with limited mobility and, indeed, by families with young children or heavy luggage. I recognise that this is outside the confines of the debate, but if we could have a direct service through to my constituency of Barrow and Furness, the prospect of being able to negotiate the buggy and a week's worth of luggage would be greatly improved for many more people than me.

Returning to Scotland, obviously the content of the consultation is the responsibility of Scottish Ministers, who seem dangerously relaxed about restricting key transport links between Scotland and the rest of the UK. UK Ministers also have a responsibility. We welcome the Chancellor's decision announced in the autumn statement to offer match funding to the Scottish Government to fund a replacement fleet of vehicles for the threatened sleeper services. In winding up, I hope that the Minister can tell us whether the Scottish Government have responded to that offer, whether she has made any direct representations on that issue and how the matter is progressing. Beyond that, can she let hon. Members know whether the UK Government will be responding to the Transport Scotland consultation?

Mark Lazarowicz: Would it not be an irony if new sleeper stock were purchased but there were no sleeper services to operate as a result of a change in the franchise? My hon. Friend might recall—although possibly not—that, a few years ago, trains were going to provide direct services from Scotland and the English regions through to the continent of Europe. Those trains were never used for that purpose and, for a while, they ended up on the London to Leeds services. I do not know what has happened to them now, but would it not be an irony if money were spent—£100 million—on new sleeper rolling stock that was not actually used for that purpose?

John Woodcock: It would be more than an irony; it would be a travesty. My hon. Friend is right to emphasise the continued importance of sleeper services. Although airports have expanded and capacity has increased, the sleeper service remains a hugely important way of connecting London with Edinburgh, Glasgow and beyond. We need to find a way to retain it, and it is alarming that the proposals will potentially withdraw it. Will the Minister therefore answer our questions about the sleeper services? Will she also tell us whether the through-trains to Aberdeen and Inverness will be protected when Ministers publish the requirements for the east coast franchise? Will she reaffirm the Government's commitment to the bi-mode part of the inter-city express programme, which is key to allowing through-running to continue?

Ultimately, Scots and citizens in all parts of the UK will lose out if the SNP's great railway robbery goes ahead. Over the years, SNP Members, who are not here today, have often been known as the Tories' little helpers. It is now time for the Conservatives and their Liberal Democrat friends in the Government to show that they will not let themselves be the SNP's little helpers as it pursues its agenda of cutting Scotland off from the rest of the UK.

3.11 pm

The Minister of State, Department for Transport (Mrs Theresa Villiers): I, too, congratulate the hon. Member for Edinburgh North and Leith (Mark Lazarowicz) on securing this debate on the last day before the recess. Let me also say how much I always enjoy serving under your chairmanship, Mr Hollobone. You wisely advised us to take our time and look in some depth at the important issues under consideration.

The goal the coalition Government set themselves was to tackle the deficit we inherited and to build a solid foundation for economic recovery and growth. That means not only getting the best value for every pound of taxpayers' money spent, but prioritising the spending that can best support growth, jobs and prosperity. That is why transport, including rail, came out of the spending review in a much stronger position than most people expected, and why the Chancellor gave the go-ahead for a further list of road and rail improvements in his recent autumn statement.

Rail services—be they services within England, the cross-border services we are discussing or services in Wales—are very much at the heart of our transport strategy. The programme of capacity expansion we are taking forward is bigger in scale than anything undertaken since the Victorian era. The comprehensive spending review allocated about £18 billion to rail, while the autumn statement provided further support, including £50 million for the replacement of vehicles for the Caledonian sleeper, as we heard in this morning's debate.

As we also heard this morning, however, that is subject to co-funding by the Scottish Government. They have not yet announced whether they are prepared to co-fund the project and to match the funding the Westminster Government are prepared to provide. As we know, there are no nationalists here to defend the position of their Government north of the border, so we are, sadly, unable to question them about it directly. However, we will continue to engage the Scottish Government on this.

Mr Russell Brown: I thank the Minister for the information she has just given us. Is there a finite time for which that offer of money will lie on the table, after which she will need to say that it is no longer there? In her interaction with the SNP Government in Edinburgh, she will discover that they will prevaricate on a whole host of issues and that they tend to put one obstacle in front of another. Does she therefore have a finite time for how long that offer of money will lie on the table?

John Woodcock: Good question.

Mrs Villiers: That is a very good question. I am not aware that the Chancellor or the Department for Transport have set a time limit for the Scottish Government to respond, but rapid consideration of this important decision would be welcome, not least because of the support for sleeper services, which was mentioned by both hon. Members who have spoken. It behoves the Scottish Government to get a move on and make a decision on this. The Westminster Government have put their money where their mouth is in expressing support for the sleeper service and potentially allocating £50 million to support its long-term future. It is now for the Scottish Government to step up to the plate and decide whether they are prepared to match that funding or lose it.

Ultimately, the running of the sleeper service will be a decision for the Scottish Government, because it is part of the ScotRail franchise, which is devolved to the Scottish Government. Ultimately, Westminster will not take the decision. As I said, I recognise the concern felt north of the border about this proposal and others made by the nationalists in the Scottish Government. I hope the disadvantages of such proposals will be thoroughly considered when the Scottish Government ultimately decide whether to match the funding we have offered and include sleeper services in the upcoming ScotRail franchise.

The Government are committed to a range of other improvements on our rail network to support and improve cross-border services. As the hon. Member for Barrow and Furness (John Woodcock) said, the west coast main line was given a £9 billion upgrade under the previous Government to deliver faster and more frequent services. As he said, the delivery was somewhat painful for passengers, but real improvements have now started to be delivered. In addition, west coast passengers will benefit from 106 extra Pendolino vehicles, a number of which are already in operation, with the rest coming on stream over the next 12 months or so. The intercity express programme will provide a new fleet to replace the diesel 125 high-speed trains on services between

[Mrs Villiers]

London, Aberdeen and Inverness. It will also potentially replace the electric 225s on the east coast line if the franchise operator wishes to go ahead with that.

Significant improvements are being made to the infrastructure on the east coast line as part of Network Rail's control period 4 programme, which is funded by the Government. These include major work on the joint line via Spalding and Lincoln to provide a diversionary route for freight and free up space for more passenger services. The long-awaited Hitchin flyover is also going ahead, as are major power supply upgrades to improve services for all passengers on the line, including those on cross-border services.

Those improvements will make a real difference to rail passengers travelling between Scotland and England. Although they are important, as the hon. Member for Edinburgh North and Leith outlined, they will not be enough on their own to deal with the long-term demand for inter-city transport capacity that our economy is expected to generate in the next 20 years. We expect rapidly rising demand for inter-city travel to outpace any measures we can realistically or practically take to boost capacity, given the constraints on existing lines.

That is why the Government have, this year, run a five-month public consultation—one of the biggest ever carried out—on proposals for a new high-speed rail network. The proposals would provide a step change in capacity and help bring our major conurbations much closer together. Our proposal for a Y-shaped national high-speed rail network would link London, Birmingham, Manchester and Leeds, with connections to the west and east coast main lines from the proposed new line. Those connections are crucial to today's debate because they would allow the through-running of high-speed rail services on to the west and east coast so that passengers could reach Edinburgh and Glasgow without having to change trains.

The Y-shaped network, plus the ability for trains to run off it and on to the existing network, would, as we have heard, cut journey times between Scotland's two biggest cities and London to about three and a half hours. That is an hour less than many of today's services. Such journey time reductions could give significant connectivity and economic benefits to Scotland. I know that those things are important to many in Scotland, including, I am sure, the constituents of the hon. Member for Edinburgh North and Leith.

There are also benefits in relation to air-to-rail switch, which is worth mentioning in this context. Experience shows that when rail journeys come down to three or four hours, they become more competitive with air services. The coalition Government's proposal for a direct link to Heathrow as part of phase 2 of the Y network would provide important connectivity benefits to Edinburgh and Glasgow, with a seamless and effective connection to our major hub airport.

John Woodcock: The right hon. Lady has mentioned the benefits of the Heathrow spur in the context of going all the way to Scotland. Has she not seen, for a long time, the value of going via Heathrow in the first phase, rather than building an extra spur afterwards at greater overall cost to the taxpayer?

Mrs Villiers: I think that there is consensus between the parties that it is essential to have a connection to Heathrow. The Government's proposal to include a spur as part of phase 2 would provide a top-class link to Heathrow, which would be great for passengers in both Scotland and England. As to the route that the Opposition have been considering, although they chose not to submit it to the consultation, I believe that others have submitted routes that are more or less identical, and I assure the hon. Gentleman now, as I have before, that all the route options presented for consultation will be rigorously assessed before the Secretary of State makes her decision on High Speed 2, and, if she goes ahead, before she makes her decision on the route.

There is a detailed process—and it is right that it is very formal—to ensure that every person who contributed to the consultation will be listened to, and that their representations will be dealt with fairly. The shadow Minister invites me to pre-empt the Secretary of State's decision on that. He knows that that would not be a terribly wise career move. I assure him that she will announce her decision soon, but he will just have to wait for her to make the announcement. It would be unwise of me to pre-empt it with one of my own.

John Woodcock: It would be good if the Minister could say a little more about whether the proposal for a single Bill is under active consideration. There is cross-party consensus on that, so would not it make more sense, in relation to both the business case and the stability of the project, to lock in a single Bill now, and take things forward together?

Given that we have time, perhaps I may make a second point. In opposition, the right hon. Lady was in favour of going to Heathrow as part of the first phase. That must count for something, must it not?

Mrs Villiers: I always have been, and continue to be, strongly supportive of a connection between HS2 and Heathrow. I am also strongly supportive of a thorough, evidence-based consideration of all the options on routes, which is exactly what the Secretary of State is undertaking. I imagine that, as we debate, she is probably poring over the detailed submissions summarising the consultation, which provide her with all the information that she needs to take a decision on whether to go ahead with the project as a whole, and, if so, on the best route. I am confident that she will take the right decision. As I have said, the shadow Minister will have to wait just a little longer to hear that. He well knows that the coalition's plans and proposals include a direct link to Heathrow in phase 2.

On the hybrid Bill, again, as we have had many opportunities to debate, the Government have concluded that the best way to take HS2 forward as efficiently and rapidly as possible is by two separate hybrid Bills—one for the first phase in the west midlands and one for the second phase to Manchester and Leeds. There are pros and cons about the procedures either way, but changing course now and suddenly deciding on a hybrid Bill to accommodate both phases might slow down the project. I think it would be risky. What is important is that once the Secretary of State has made a decision we should take whatever steps are needed to press ahead promptly with implementing it. I hope that the cross-party consensus

that the shadow Minister has mentioned repeatedly will prove useful in proceeding with high-speed rail if that is the outcome of the Secretary of State's deliberations.

Of course, the goal set out in the coalition agreement is to deliver a genuinely national high-speed rail network. It is therefore a timely moment to consider the impact on Scotland. Although the Y network that we propose would bring important benefits to Scottish passengers and the Scottish economy, because of the journey time savings that we have talked about and the relief of capacity pressure that the shadow Minister referred to, we still recognise the strong support for extending the proposed new high-speed line north to Scotland in the future.

The Government share the aspiration of the hon. Member for Edinburgh North and Leith for high-speed rail one day to extend north of the border all the way to Edinburgh and Glasgow. He will appreciate that, constitutionally, the Scottish Government have responsibility for the rail infrastructure north of the border, including funding it. However, if we go ahead with HS2, phases 1 and 2, we will certainly expect to work with the Scottish Government on identifying and considering options for expanding the proposed high-speed network in the future. I assure him that there is no need to wait for completion of either phase before serious work is started in relation to potential further expansion of the network.

Mark Lazarowicz: I welcome the broad commitment that the right hon. Lady has given, but she will understand that although the Y-shaped route will clearly bring benefits to Scotland, because of the effect on rail speeds and capacity further south, it will by definition not help with capacity once the end of the Y line is reached and the journey continues on existing lines to Edinburgh and Glasgow. If anything, there might be capacity problems, because of extra trains on those lines. Can the right hon. Lady give any indication of the type of discussions that are going on with the Scottish Government? I get the impression that they are something that may happen one day, as she said; but we want more of a commitment than that. We want an indication of what work is going on now, and a commitment that preparation should start now.

Mrs Villiers: I assure the hon. Gentleman that officials from HS2 and the Department for Transport have regular discussions with Transport Scotland about high-speed rail. I have discussed it with Scottish Ministers on several occasions. The Secretary of State for Defence also discussed it, when he was Transport Secretary, with Scottish Ministers. Indeed, HS2 is already considering options further to reduce journey times to Edinburgh and Glasgow. We recognise the enthusiasm for further work on expanding the proposed high-speed rail network. As I have said, we share the aspiration of establishing a genuinely national network, which must of course include Scotland.

Mr Russell Brown: I would like to share with the Minister and hon. Members an infrastructure-related problem—albeit not to do with rail—which my ex-colleague the former Member for Carlisle, Eric Martlew, experienced when the M6 was brought north to Carlisle. For some reason it stopped there. When he asked an official why it stopped at Carlisle, he was told the road did not go anywhere. In other words, there was no need to take it to the border, or even into Scotland, which fell under the remit of the Scottish Office at that time. I have to share that worry with the Minister. We have a line that comes so far north, and we have this mindset that it goes nowhere. Colleagues in Scotland will be forcing the issue with the Scottish Government to engage in a process to make sure that something is happening north of the border that ensures that we get UK coverage of this railway.

Mrs Villiers: Mr Hollobone has given us great latitude to wander far and wide in the debate, but I am afraid that I do not have a very detailed knowledge of the history of the construction of the M6. I assure the hon. Gentleman that it is always wise to learn lessons from what has gone wrong with previous transport projects. I reiterate the importance that we place on playing our part to supply a high-quality transport network for the country as a whole. As I have said, infrastructure matters north of the border are rightly devolved to Transport Scotland, but we recognise the importance of our decisions on high-speed rail taking into account fully the interests of the economy and passengers in Scotland. That is why we are happy to engage with Scottish hon. Members and the Scottish Government. We need to view, with careful scrutiny and perhaps some scepticism or reservation, the promises that Scottish Ministers are now making about high-speed rail. It is difficult to judge whether their promises on funding are watertight, but we certainly welcome the enthusiasm with which they support the principle of high-speed rail.

Before moving on to through services on the current network, I will respond to the shadow spokesman's criticism that the Government were somehow insufficiently supportive on high-speed rail. I remind the hon. Member for Barrow and Furness that we were the first to champion the benefits of high-speed rail. Indeed, we were doing so when Labour's 30-year strategy for the railways, published in 2007, had no place at all for high-speed rail.

One of the other key issues raised by the hon. Member for Edinburgh North and Leith was the controversial consultation document issued by Transport Scotland on the service pattern for the new ScotRail franchise to be let from 2014 onwards. As we have heard, that has posed a question on whether services north of Edinburgh should be a matter for the Scottish franchisee. As we have heard, that would mean cross-border services terminating at Edinburgh Waverley, with onward connections to Aberdeen and Inverness provided by ScotRail. That proposition has been dubbed the "Edinburgh Hub" by Transport Scotland.

As we have heard, the Scottish Government make three assertions on the effect of that change. First, they assert that it would return greater revenue to the Scottish franchisee and reduce taxpayer subsidy—that might be a controversial claim. Secondly, they claim that moving to just one operator would improve resilience—that ought to be carefully tested. Thirdly, they claim that the change would give the ScotRail franchisee more freedom and flexibility in timetabling and running services. Fourthly, they claim that there are advantages in vesting control over services north of Edinburgh in a Scottish franchisee with no reliance on services specified by the Department for Transport.

[Mrs Villiers]

One of my concerns is whether that is an ideologically-driven proposal motivated by a wish to control as many rail services in Scotland as possible. I would be very concerned if that was a motivating factor behind Transport Scotland's fairly startling proposals. It is very important for the decision to be made on a clear and calm assessment of the potential effects of such a change.

The proposals generated considerable opposition and debate in Scotland. We have had discussions with the Scottish Government and Transport Scotland about the implications of such a change. As hon. Members might recollect, this issue has cropped up before. In considering whether to proceed with the intercity express programme, the Westminster Government looked at whether east coast services should terminate at Edinburgh, so that they could all be provided by electric trains. We decided against a rolling stock option that would have required passengers to change trains at Edinburgh, because we were concerned about the implications of such a change. That is the conclusion that we reached, so, as the hon. Gentleman invited me to say, I certainly would have reservations about the Scottish Government's proposal.

If, following the consultation, the Scottish Government decide that they would like this change to take place on the east coast line, we would of course consider their proposal in accordance with our mutual respect agenda. However, hon. Members have been clear in outlining the disadvantages of such an approach, which, as I have said, would have to be very carefully considered. It is disappointing that no one is here to defend the nationalists' position or explain why they have chosen to consult on such a controversial proposal.

John Woodcock: I appreciate what the Minister is saying, but if she feels so strongly, would it not make more sense, for good governance, to be clear now that the proposal is not a goer? We would not need to go through the consultation, wait for a response and see whether something comes through. If she made it clear that this is not something that she would accept, it would allow people to go forward with greater clarity.

Mrs Villiers: I think that that would be unwise, because the Government take devolution very seriously. We are talking about rail services provided in Scotland. It is certainly not at all unreasonable for the Scottish Government to wish to have an input in how those services are run. At this stage, it would be inappropriate for the coalition to start dictating the outcome of a consultation on the ScotRail franchise. I will therefore confine my remarks to saying that we would have reservations about a route down which we did not chose to go in relation to the IEP, but we will listen to the Scottish Government if they choose to pursue that further.

Mark Lazarowicz: I am not asking the Minister to veto the Scottish Government's proposals, if they go along the line of a Scottish franchise that takes on board the services north of Edinburgh, because I accept that devolution exists and that the Scottish Government have the right to put forward their views. My point is that we are discussing UK services as well, and I ask her to take that on board. If the Scottish Government decide on such proposals, I hope that she will ask them to ensure that the new franchisee will still be required to maintain cross-border services.

Mrs Villiers: I certainly take those points on board, but closing down the debate at this stage would not be appropriate, because it would be undermining, and we respect the devolution settlement and want to pursue an agenda of mutual respect. We would consider such proposals from the Scottish Government if they chose to go ahead. As I said, we need to weigh carefully all the appropriate evidence. If the proposal were indeed motivated by some political separatist agenda, that would be a real concern. A final decision will need to be made in time for the publication of the invitation to tender for the next east coast franchise in the autumn next year.

The shadow Minister mentioned performance on the east coast line. It has certainly been disappointing; the performance of both the train operator and Network Rail has been below the levels expected. Cable theft has had a major effect, and we are discussing co-ordinated action throughout the Government, with a view possibly to increase the punishment for cable thieves and to clamp down on rogue elements of the scrap-metal industry.

The west coast main line, meanwhile, has also experienced a performance dip in recent months, mainly owing to track faults and other infrastructure delays. I am afraid that performance on the two routes has contributed to the Office of Rail Regulation's recent warning to Network Rail, set out in a letter of 19 December, that the company is in danger of breaching its licence conditions for the long-distance sector and will miss its regulatory targets for the sector this year. The ORR made it clear that it expects Network Rail to submit robust plans for improving performance on key routes such as those on the east and west coasts. The Government, too, believe that performance needs to improve, and we are fully supportive of the action that the ORR has taken.

Concerns about fares have been expressed. The fares that people pay are of course making an essential contribution to the massive rail upgrade programme that is being delivered and to which I referred at the start of my remarks. Some cheap fares for cross-border services are available to those who can book ahead and commit to a specific service, but we recognise that it is not always possible to do that. We understand the concern about rail fares and the pressure that they put on family budgets. That is why, in the Chancellor's autumn statement, he announced that funding had been secured to cancel the proposed increase of the retail prices index plus 3% planned for next year and to revert to an RPI plus 1% increase for the fares coming into effect in January. That covers cross-border services on the east and west coast main lines, as well as others in England.

If we are to provide a lasting solution to passenger concern about fares, however, it is vital to get the cost of running the railways down. Sir Roy McNulty's report, referred to briefly in the debate, set out a path that he believed would achieve significant savings without cuts in service provision. At the heart of his recommendations are measures to align incentives between Network Rail and the train operators. Put simply, we need to ensure that the two sides of the rail industry, track and train, work better together, with a strong shared incentive to

get costs down and to improve outcomes for passengers. We are determined to deliver effective savings on the railway, so that we can deliver the improvements that passengers want and respond to their concerns on value for money.

I am grateful to hon. Members for listening with such patience to my remarks on cross-border rail services this afternoon.

Mr Philip Hollobone (in the Chair): After a leisurely journey across the rail network, both north and south of the border, we have reached our destination early. I thank all Members for taking part.

3.42 pm

Sitting suspended.

Firearms Residue Testing (Criminal Cases)

3.57 pm

Damian Collins (Folkestone and Hythe) (Con): It is a pleasure to serve under your chairmanship, Mr Hollobone. I applied for this debate because a constituent has brought to my attention a case in which forensic evidence that was presented to achieve his conviction for murder has been proven to be unreliable. That constituent is Mr Paul Cleeland, who was convicted in 1972 of the murder of Terence Clarke outside his home in Stevenage. I want to address some specific issues about Mr Cleeland's case, but I believe that it is an exemplar of problems with evidence presented in such criminal cases in the 1970s.

The matter has been raised twice in the House: in 1982 and 1988. It was pursued with persistence by Baroness Williams when she was a Member of Parliament, Mr Bowen Wells when he was the MP for Hertford and Stevenage, and Mr John Hughes when he was the MP for Coventry, North East. It is a matter of great regret that the issue remains unresolved to my constituent's satisfaction after such a long time. Mr Cleeland is in the Public Gallery to witness the debate, a privilege he was unable to exercise in the previous debates.

When the case was first debated, it was reported that a

"prominent Queen's Counsel"

at the time had stated:

"There are a quite unusual number of blemishes in connection with the police evidence—in particular the discrepancies"

with ballistic evidence.

"Dr Julius Grant, Secretary of the Society of Forensic Medicine, calls the ballistic evidence 'disturbing' and said that it would appear to provide Mr. Cleeland with ample reasons for wanting his case re-opened and on purely scientific grounds I cannot do other than support them.—[*Official Report*, 29 April 1982; Vol. 22, c. 1062.]

There is a wealth of discrepancies in the evidence against my constituent, which I will not rehearse here because the purpose of this debate is to focus on the problems that his case brings to light with the testing for firearms residue. However, I want to recount briefly some discrepancies in the ballistics evidence, because they have a direct bearing on the reliability of the forensic evidence of firearms residue.

The firearm submitted by the police as the murder weapon was an antique 12-bore Gye and Moncrieff shotgun. The police claimed that it was found in the vicinity of the murder by children, and that it contained two discharged shells with a box of unused shells lying nearby. The police attested through witnesses that the gun was sold to Mr Cleeland, but that was later refuted, and it was proven that the gun had been given to the victim. Mrs Clarke, Terry Clarke's widow, had known Paul Cleeland for 12 years before the murder, but was unable to identify him as the murderer, despite being a witness to the crime. Mrs Clarke and neighbours, who were all witnesses to the murder, claimed that the assailant discharged a gun twice at a range of not more than 6 feet—point blank range—first into Mr Clarke's back, and secondly into his chest.

There are discrepancies between ballistics reports. Mr J. McCafferty, a principal scientific officer in the Metropolitan police forensic science laboratory on whose

[Damian Collins]

evidence the prosecution relied, claimed that the firearm would have been discharged at a minimum of 18 feet from the victim. However—I want to stress three key points—Mr Rothery, another expert, said that if the shotgun had been fired at a range of 18 feet, cartridge wadding would have remained affixed to the victim's jacket. Mr Rothery and Mr Jennings, another ballistics expert, said that the firearm that the police claimed was the murder weapon would have to have been discharged 36 to 40 feet away to achieve the distribution on the victim. Dr Rufus Crompton, then consultant pathologist at St George's hospital, London, provided corroboration of the evidence of Rothery and Jennings when he concluded from medical evidence that the range was about 36 feet.

If those witnesses were correct in their account of the assailant's distance to the victim, or if Mr McCafferty's assessment of that distance was correct, the necessary conclusion from the evidence provided by Mr Rothery, Mr Jennings and Mr Crompton is that the Gye and Moncrieff shotgun could not have been the murder weapon. It would instead have been reasonable to argue that using a shotgun at point-blank range to achieve as wide a distribution of pellets as that achieved by firing at a range of 40 feet, would have required the use of a sawn-off, 12-bore shotgun such as the one later found at a weir in nearby Harlow.

Those points are important because the doubts about the ballistics evidence submitted by Mr McCafferty underline the unreliability of his forensic evidence. At the time of Mr Cleeland's trial, Mr McCafferty was a principal scientific officer in the Metropolitan police forensic science laboratory. He had no formal academic qualifications, but he had been in charge of the firearms section of the forensic science laboratory since January 1964. At the time of the trial, he had 25 years of ballistic experience as an examiner of firearms and ammunition.

Given his long-standing position at the forensic science laboratory, it is perhaps unsurprising that Mr McCafferty was frequently relied on in trials as an expert forensics and ballistics witness for the prosecution. That included the trial of James Hanratty, who was hanged in 1962 for the murder of a Government scientist, over which there has been great and long-lasting doubt. Were the competence of Mr McCafferty as a forensics and ballistics expert to be brought into question, so too would the safety of the convictions of those in whose trials he gave evidence. That is why the results of the forensic tests used to convict my constituent have implications far wider than the case under discussion today.

During the original investigation, Mr McCafferty carried out a sodium rhodizonate test on Mr Cleeland's clothes. The results of that test were relied on by the prosecution as evidence that Mr Cleeland had discharged a firearm. It has since become apparent, however, that the sodium rhodizonate test is suitable only as a preliminary, screening test. It is not capable of specifically detecting firearm discharge residues, but only the presence of lead or lead compounds. Despite the fact that the sodium rhodizonate test was not suitable for establishing the presence of firearm discharge residue, Mr McCafferty clearly considered that to be the purpose of such a test, as is clear from statements that he made during the 1977 investigation into allegations of perjury made by my constituent:

> "On the 17th November I received from Mr Chaperlin in the laboratory exhibits…which were all items of Mr Cleeland's clothing for the examination principally for firearms residue…On the completion of my examination of all the items received including the items of Mr Cleeland's clothing I made a further statement which covered my chemical test for the presence of possible firearms residue."

McCafferty's evidence clearly impressed the judge at the time, who said when summing up the case that the clothes had been examined for

> "traces of this lead residue"—

—a reference to the powder residue from the discharge of a firearm. The test carried out was the sodium rhodizonate test that we now know is unreliable for establishing the presence of firearm discharge residue.

In the early 1970s, forensic science was not as developed as it is today; the expertise and tests available were more limited, even if we could reasonably have expected the scientific rigour to have been the same. If we ask ourselves, however, whether other tests available at the time were suitable for establishing the presence of firearm discharge residue, the answer is yes. Other chemical tests would have supplemented the sodium rhodizonate test, and they were available to the prosecution at the time of the original trial. In particular, the atomic absorption spectroscopy and neutron activation analysis were available, and those sophisticated modern analytical methods were adopted to improve the sensitivity of the testing process. Neither test was used on Mr Cleeland's clothes, however, even though, according to an expert witness who has gone unchallenged throughout my constituent's appeals, they

> "could have helped in ascertaining whether the elements on the clothing of Mr Cleeland came from the discharge of a firearm or were present as a result of completely innocuous activity."

The fact that Mr McCafferty was seemingly unaware of the existence of those tests at the time of the original investigation casts doubt either on his expertise or his integrity. Some reassurance could perhaps be gained if it could be established that in his investigation into the murder of Mr Clarke, Mr McCafferty was incompetent but honestly so. Such a conclusion would perhaps cast less doubt on the evidence that he has given in other trials, as it would rely on him being unaware of the availability of those more specific tests.

Was Mr McCafferty aware of those tests? In 2006, my constituent came into contact with Professor Marco Morin, a ballistics expert who was involved in the high-profile case of Barry George, the man incorrectly convicted of the murder of television presenter Jill Dando. The prosecution in that case relied heavily on evidence of what it claimed was firearm discharge residue on Barry George's clothing. Professor Morin referred my constituent to the training manual prepared by the Metropolitan police forensic science laboratory, dated November 1980. That manual explicitly recognised that the sodium rhodizonate test, carried out by Mr McCafferty, was unreliable for the purposes of establishing the presence of firearm discharge residue, and it refers to the test as:

> "Simple. Not specific. Useful for lead distribution on a target eg bullet wound."

It later confirms that the presence of lead and barium particles—those detected by the sodium rhodizonate test—is "not reliable" as an indicator of firearm discharge residue.

It was known, therefore, during Mr Cleeland's many appeals that the forensic test presented to the court as evidence of firearm discharge residue was not really evidence at all. However, that manual was prepared in 1980 and Mr Clarke was murdered in 1972. For how long was the Metropolitan police forensic science laboratory aware that the sodium rhodizonate test was not a suitable test for the detection of firearm discharge residue?

During my inquiries into my constituent's case, and following a written parliamentary question to the Home Office, I was kindly assisted by Martyn Ismail of the Forensic Science Service, with which the Metropolitan police forensic science laboratory was merged in 1996. Mr Ismail provided me with three papers from the archives relating to the sodium rhodizonate test, dated 1943, 1959 and 1965. All those papers were useful, but especially that by G. Price in the 1965 edition of the *Journal of Forensic Sciences*, which describes the use of the sodium rhodizonate test—which we now know to be inappropriate—for the identification of firearm discharge residue on hands. The paper's penultimate paragraph states:

> "In the case of firearms where the breech remains closed after firing, such as shot guns and rifles, it has not been possible to detect traces of lead by this method."

In other words, lead residue is released when the breech is opened following discharge of a weapon.

At the beginning of my speech, I said that the firearm submitted by the police as the murder weapon was an antique 12-bore Gye and Moncrieff shotgun, which police claimed was found in the vicinity of the murder, and which contained two discharged shells. Two shots were discharged in the murder; two discharged shells were found in the breech of the double-barrelled shotgun. We know that the breech of the shotgun had not been opened, because if it had been the shotgun would have discharged the shells. Therefore, in this murder case, where the shotgun's breech was not opened to eject the shells, the Metropolitan police forensic science laboratory has known since 1965—some seven years before the murder of Mr Clarke—that it was not possible to detect "traces of lead" with a sodium rhodizonate test.

We know that more specific tests were available to the Metropolitan police forensic science laboratory at the time of the investigation, and that Mr McCafferty should have been aware of them. Mr McCafferty should also have been aware that the sodium rhodizonate test was unsuitable for the detection of firearm discharge residue, and that given the circumstances of the murder, it had

> "not been possible to detect traces of lead"

using the sodium rhodizonate test.

It seems to me obvious that Mr McCafferty was an unreliable expert witness, and the very grave problems with his evidence in my constituent's trial must surely cast doubt on every other trial in which he has given evidence. It may also cast doubt on the trials of others whose convictions resulted from the evidence of the Metropolitan police forensic science laboratory where the presence of firearm discharge residue was alleged.

We are dealing with a case that took place in the 1970s, and my concern when looking at the evidence is that it sounds almost like something from "Life on Mars", where the crime has been fitted to the person but not necessarily to the evidence available to the police.

Reflecting on those grave matters, is the Minister prepared to consider a review into cases where the sodium rhodizonate test was used to establish the presence of firearm discharge residue? With particular reference to Mr Cleeland's case, I ask whether an independent review of all the papers relating to his case in the Home Office and with the police could take place. The Boothby report was commissioned in the 1970s to examine the case in detail and also the evidence prepared by Mr McCafferty. Conclusions of that report have been referred to in previous debates in the House. Mr Cleeland has never seen a full copy of the report. Could the Boothby report be published in full, including any supporting documentation and notes used in its preparation? If it is not possible to publish the report in full, could it be given to an independent expert outside the Home Office to examine in detail?

My constituent feels very strongly that previous Ministers may have inadvertently given misleading information to the House, based on guidance that they gave about what was contained in the Boothby report, which asserted that the evidence presented by Mr McCafferty was correct and that the conviction was sound. I would like that to be reviewed by an independent person, if not Mr Cleeland himself and his lawyers. If it is the case that assertions based on the Boothby report that were made to the House were not valid, a formal note should be placed on the record to confirm that, but obviously that requires an independent review of those papers and documents.

My constituent has raised a number of very important and fundamental questions about his case and the nature of his conviction. This is not a court of law—it is not a court of appeal—but I believe that the Home Office, if it is in possession of the Boothby report and any supporting notes and documents, should seek to make those available for independent scrutiny. That would certainly help my constituent in preparing for his case and shine some light on the way in which forensic evidence of this kind was presented in court cases in the 1970s.

4.11 pm

The Parliamentary Under-Secretary of State for the Home Department (Lynne Featherstone): It is a pleasure to stand before you this afternoon, Mr Hollobone. In case I forget, I wish you a merry Christmas now.

Let me turn to the serious nature of the case in front of us. First, I congratulate my hon. Friend the Member for Folkestone and Hythe (Damian Collins) on securing the debate. It is important that Members of Parliament can raise in this way matters that are of concern to their constituents. My hon. Friend has set out the grounds on which Mr Paul Cleeland disputes his conviction for murder. I listened very carefully to what he had to say, because allegations of miscarriages of justice are very serious matters. My hon. Friend went over the ground in this case. The conviction has been the subject of much scrutiny and debate. It is worth reflecting on the

[Lynne Featherstone]

fact that, to my knowledge, this is the third time that the matter has been debated in Parliament. As my hon. Friend said, the previous debates took place in 1982 and 1988. He referred to the many right hon. and hon. Members who over the years have tried to raise these issues.

However, as my hon. Friend the Member for Folkestone and Hythe said, it is of course the criminal justice system, not Members of Parliament or Ministers, that decides on guilt or innocence. Terence Clarke was murdered in 1972, and Mr Cleeland was convicted of his murder by a jury the following year. The Criminal Cases Review Commission has been engaged with this matter over time since the first application to it in 1977. In 2000, the case was referred to the Court of Appeal, which upheld the murder conviction in 2002.

Of course, I listened carefully to the arguments about discrepancies in the ballistic evidence. My hon. Friend makes the case very well. He raised the issue of forensics and the reliability or otherwise both of the sodium rhodizonate test and of Mr McCafferty himself. Notwithstanding all that has happened with regard to this case, as set out in section 13 of the Criminal Appeal Act 1995, the Criminal Cases Review Commission can always refer a case back to court on the basis of information or an argument that has not previously been raised—at trial, on appeal or with the Home Office—and which creates a "real possibility" that an appeal would succeed. I assume—I hope that my hon. Friend will correct me if I am wrong—that many if not all those points were made in the appeals, and those issues have been raised previously.

Damian Collins: As I said in my speech, the Metropolitan police manual for 1980 has come to light only recently and subsequent to some of the appeals; and, indeed, the evidence that I have obtained via the Home Office, which cites academic papers dating back to the 1960s, has not previously been presented and, I think, certainly undermines the evidence presented by Mr McCafferty.

Lynne Featherstone: On the case itself, I would then make this suggestion—I am not able to give legal advice; I am not a lawyer in any sense. I would have thought that if there is new evidence, the Criminal Cases Review Commission is the body that should seek another judicial stage, if that were to be sought. In that sense, this is not, as we have said, a matter for Members of Parliament or, indeed, Ministers.

In terms of the alleged miscarriage of justice, the use of a forensic test in the case is questioned. That goes to the heart of my hon. Friend's request for a review by the Home Office. Forensic science is an essential tool in the armoury of criminal justice. Forensic service suppliers in England and Wales provide some of the quickest turnaround times and highest-quality forensic science in the world. The Government have recently reappointed Andrew Rennison as the forensic science regulator to provide strong, independent regulation of quality standards, and it is right that the Government set the direction for and expectations of the quality standards to be used in the criminal justice system.

I want to be clear in that context that, as a test for the presence of lead, the sodium rhodizonate test is not fundamentally flawed. It is the case, however, that forensic science techniques are available today that would provide considerably more information than those in use in the 1970s. That does not mean that convictions from that time are unsafe or that a court has not properly relied on the scientific evidence available to it at the time.

Damian Collins: I am grateful to my hon. Friend for giving way again; she is being very generous. What I said was not that the test is unsound for detecting the presence of lead, but that it is not a safe test for detecting firearms residue.

Lynne Featherstone: Indeed, but I notice that in terms of the specific case, the forensic test was one of the 20 grounds of appeal considered by the Court of Appeal in 2002, when Mr Cleeland's conviction was upheld. The understanding was that electron microscopic testing had not then been developed within the Metropolitan police laboratory to be in use. Also, whether or not that was correct, there was no evidence as to what such testing might or might not have demonstrated at the time or with the benefit of hindsight.

Damian Collins: My concern is that there was knowledge of the limitations of the test, yet evidence was presented from it in a court that suggested that there was no ambiguity at all and that it could be safely relied upon, whereas academic papers that were in the possession of the Metropolitan police cast doubt on that.

Lynne Featherstone: My hon. Friend is saying that since the relevant time, new evidence has come to light that casts doubt on all this, and has requested a review. What I can offer is this. I can ask the forensic science regulator, Andrew Rennison, to consider this type of evidence. I cannot give an answer on whether there will be a review, but I will ask his opinion of whether there should be a review.

In terms of the Boothby report, my hon. Friend has requested that a report on the allegations of police misconduct in connection with the case made by Mr Cleeland be made available. The Court of Appeal ordered the disclosure of that report in 2001 to seek to allay concerns raised by the appellant at the time about that. We therefore understand that his solicitors from that time may have a copy of the report.

Damian Collins: Mr Cleeland has confirmed to me that they do not have possession of the report. They never have had possession of it, despite what was said at the Court of Appeal. Certainly the report is not in his hands at all. Therefore if the Minister could deliver that report—make it available to him—we would be very grateful.

Lynne Featherstone: It was brought to my officials' attention yesterday that the issue would be raised. The whereabouts of the report was discussed with the Hertfordshire police. We understand from them that Mr Cleeland's solicitor has requested the report and that they are trying to locate a copy so that they can consider whether it would be appropriate to disclose it. The Home Office will also carry out the same process to see whether we can find the report, but I cannot guarantee that it was or will be found.

My hon. Friend has made an excellent case today in laying out why he believes that there should be a reconsideration, presumably both of the case and in looking at forensics and residues in that context. I cannot give answers on that or on the actual case; as I said, it is for the criminal review board to decide whether there is enough new evidence to take the case back to any sort of judicial process.

I thank my hon. Friend. I have sought to be as helpful as I can possibly be.

Damian Collins: I appreciate that the Minister is drawing to her conclusion. Would it be possible for her to write to me, following the debate, on the points that she has raised about the review of the test, the location of the Boothby report and whether that can be made available, so that I am able to share that information in writing with my constituent?

Lynne Featherstone: *Hansard* will do it for me, but I am happy to write to my hon. Friend on those particular points that he has raised.

Damian Collins *rose—*

Lynne Featherstone: Am I misunderstanding my hon. Friend?

Damian Collins: The Minister said that both Hertfordshire police and the Home Office will try to locate a copy of the Boothby report and see if that can be made available to Mr Cleeland. I would appreciate it if the Minister could write to me following the search for the report to confirm whether it has been found and what has happened to it. If it is decided that it would not be appropriate, despite what the Court of Appeal said, to give that document to Mr Cleeland, will an independent expert be able to scrutinise it on behalf of Mr Cleeland and form an opinion about its contents?

Lynne Featherstone: I am more than happy to write to my hon. Friend following our search; I do not know about Hertfordshire police's search. We will do whatever we can. I cannot go ahead of that, before we understand whether we have it, but I am happy to write to my hon. Friend in that regard. I congratulate him again on securing this debate and on bringing such an important issue to Parliament.

Mr Philip Hollobone (in the Chair): I thank both hon. Members for taking part in that interesting debate; I think that Mr Collins's constituent has been well served today. I wish both participants a happy Christmas.

4.22 pm

Sitting suspended.

Stafford Hospital

4.24 pm

Jeremy Lefroy (Stafford) (Con): It is a pleasure to serve under your chairmanship, Mr Hollobone. It is also a pleasure to see the Minister in her place. I am expecting my colleagues from Staffordshire to come into the Chamber during this debate and to intervene if they so wish.

On 1 December this year, Stafford hospital started a temporary night-time closure of the accident and emergency department from 10 pm to 8 am. That happened principally as a result of a shortage of A and E specialists and the need to maintain a safe service. The hospital has been unable to recruit such specialists, partly as a result of a national shortage and partly owing to problems that Stafford has experienced. I wish to set out why it is important for the hospital's A and E department to return to full-time working and to draw out some more general conclusions.

The hospital is part of the Mid Staffordshire NHS Foundation Trust, which also runs the non-acute Cannock hospital. Stafford serves a population of some 250,000 to 300,000 people in the middle and south-west of the county. As my intention is to highlight the importance of A and E, I will dwell only briefly on the Francis public inquiry, which is completing its work and will report next year. The inquiry is considering the lessons that can be learned from what happened. Certainly, lessons learned from the initial Francis investigation into the hospital have largely been put into practice. There continue to be major improvements, though clearly there is no complacency. It has been very encouraging to hear from constituents about the quality of care that they receive and their praise for staff.

I have heard some say that the Francis inquiry is not necessary, but I disagree profoundly. Let me simply report the words of a senior member of the Royal College of Physicians who said that that is the most important inquiry into the NHS in a generation. I am most grateful to the Government for their support for the hospital and the trust through a particularly difficult time for Stafford and the whole surrounding area. I ask for that support to continue, as the trust develops its plans to provide high-quality and financially sustainable services.

The importance that people in Stafford, Cannock, Rugeley and beyond place on the A and E department is shown by the more than 18,000 people who have signed petitions that support it. Stafford borough council has also shown strong support by passing a unanimous resolution at full council. Since the temporary night-time closure, a number of people have told me how concerned people, particularly the elderly, are that they no longer have a night-time emergency service relatively close to hand. We need to remember that, across the country, A and E departments not only treat people in medical need and save lives, but provide reassurance, whether to parents with a child who becomes sick in the middle of the night, or elderly people who have no transport of their own and are worried about imposing themselves by calling out an ambulance and overburdening the service. For them, an emergency service that is as local as possible is essential.

[Jeremy Lefroy]

Let me make it clear that the closure was necessary. The decision was not taken lightly, but was made in the interests of patient safety. The temporary night-time closure is giving the hospital time to recruit the necessary staff and to improve training, which is difficult when one is overstretched.

I should like to thank the Minister and the Minister of State, Department of Health, my right hon. Friend the Member for Chelmsford (Mr Burns), as well as the Secretary of State for Health and the Department of Health for their help and support. I also thank the Ministers and staff of the Ministry of Defence for providing armed forces medical staff to assist for some 12 weeks. They have been invaluable both in providing additional cover and in helping with training.

I should like to thank the leadership and staff of the University hospital of North Staffordshire, New Cross hospital in Wolverhampton, Manor hospital in Walsall and Burton hospitals for taking the strain of additional patients during the temporary night-time closure. I also thank the staff of the West Midlands ambulance service for providing the necessary additional cover.

I should now like to turn to the reasons why Stafford requires a 24-hour A and E department. First, the population of the area is growing. Stafford itself is a growth point and expects to see another 15,000 to 20,000 people settle in the area in the coming 20 years, with 2,000 to 3,000 from the armed forces returning from Germany to MOD Stafford between 2015 and 2018. Cannock and Rugeley are also growing.

Mr Aidan Burley (Cannock Chase) (Con): I congratulate my hon. Friend on securing this debate. He mentions Cannock, which is my constituency. Does he agree that the answer to all the problems that we have seen in Stafford is not to close Cannock but to impose a two-site solution, with services both at Stafford and at Cannock and an improved and more vibrant Cannock hospital? That is the only way forward and a solution on which we both agree as neighbouring constituency MPs.

Jeremy Lefroy: I entirely agree with my hon. Friend. It is essential that we have services both in Cannock and Stafford. Both hospitals are vital to their local communities, although they perform different services.

Secondly, we have an increasing elderly population who rely on local accident and emergency services. Increasing life expectancy is welcome, but when the elderly become ill, they tend to be more acutely ill. The combination of population growth and more elderly people will inevitably lead to more demand for emergency and acute services. Successive Governments have tried, with varying degrees of success, to persuade people who are not seriously ill to use alternatives to A and E. That is important—I welcome the Government's moves in that direction—but it will only relieve a small part of the pressure on these departments.

Thirdly, Stafford's accident and emergency department is extremely busy. The admissions for the past 12 months, up to November 2011, numbered 52,255. That is some two thirds of the number of admissions to Manor hospital in Walsall and slightly more than half of the admissions to the University hospital of North Staffordshire and New Cross hospital in Wolverhampton.

Gavin Williamson (South Staffordshire) (Con): I congratulate my hon. Friend on securing this debate. He touches on an important point, especially at this time of peak demand for hospitals. New Cross hospital and hospitals in Walsall and Stoke-on-Trent are under a lot of pressure. It is vital that we ensure that this closure is only temporary and that we resume full-time, 24-hour accident and emergency services.

Jeremy Lefroy: I am most grateful to my hon. Friend for making that point. I reiterate my thanks to those hospitals for taking on the extra patients in the night-time hours during this difficult time in the winter. Stafford accounts for 14% of the entire number of A and E admissions for the whole region, which includes Staffordshire, Wolverhampton and Walsall.

Fourthly, with Stafford being shut at night, most patients have to travel considerably further for emergency care. The University hospital of North Staffordshire in Stoke is 19 miles away, New Cross in Wolverhampton is 18 miles away, Manor hospital in Walsall is 19 miles away and the hospital in Burton is 27 miles away. The absence of Stafford, even for 10 hours at night, leaves a very large hole in accident and emergency provision for the region. It is a matter not only of distance, but of the amount of traffic on the roads. Night-time travel is usually reasonable in the area, but congestion can be substantial during the day, particularly when the M6 is closed between junctions 12 and 14 and all motorway traffic is diverted through the middle of Stafford.

It has only been possible to cope with the temporary night-time closure with the use of several additional ambulances and increasing staff cover. Such facilities are expensive. Indeed, they are more expensive than keeping the A and E department open 24/7, which emphasises the fact that the decision was taken for reasons not of cost but of patient safety.

It is essential that Stafford hospital has a full-time accident and emergency service, but not every emergency can be treated there. Given the advances in medical science and treatment, it makes sense for some of the most serious emergencies to be treated by top specialists who will only be in the largest hospitals. Patients with major trauma, severe strokes or major heart attacks already go to regional centres such as UHNS. That is understood and generally accepted. However, a district general hospital should be able to respond safely to a number of emergency conditions and provide a minimum set of services, such as acute medical, including rheumatology and geriatric; acute surgical and orthopaedic; paediatric; maternity; and mental health, particularly for overdoses. In some cases, hospitals may have to stabilise a patient before they can be transferred to a specialist centre.

Retaining a core set of emergency services in district general hospitals is important to protect their viability. As John Donne said:

"No man is an island."

That can equally be said of many acute services. It is not possible to retain acute medicine, which provides the lion's share of the income of an acute hospital, without having access to surgical opinion on the spot. Any emergency service also needs the full-time support of critical care units and radiology, to name but two. That is not to say that there can be no change—there must be changes to make district general hospitals

financially sustainable in a difficult climate—but we must not put so much pressure on them that their only option is to close their doors to emergencies from the communities that they serve, forcing people to travel considerable distances for all but minor injuries.

Changes must be thought through and discussed openly with those communities. There should be no sudden changes and nothing hidden in the small print. The NHS is paid for by the British people and is a service that gives us great reassurance, even if we are fortunate enough rarely to need it.

I have set out clearly why Stafford hospital needs a full-time accident and emergency service. I am making the argument from the point of view not of the hospital itself, the bricks and mortar, but of the patients—my constituents and those of my hon. Friends the Members for Cannock Chase (Mr Burley), for Stone (Mr Cash) and for South Staffordshire (Gavin Williamson), many of whom rely on its services.

Stafford hospital provides a first-class service to many people in our area. The management, the staff, my parliamentary colleagues and I are not complacent; we recognise that there is more to be done. None of us will be satisfied until our hospital is known nationally, as I believe it will be, for its high-quality treatment and care and it has the confidence of all those whom it serves.

4.37 pm

Mr William Cash (Stone) (Con): I will be fairly brief. I congratulate my hon. Friend the Member for Stafford (Jeremy Lefroy) on securing this debate. Since becoming the Member of Parliament for Stafford, he has transformed the attitudes and policy towards Stafford hospital. I pay tribute to the work that he does on behalf of the hospital and all his constituents. The issue has a direct bearing on my constituency, as well as those of my hon. Friends the Members for Cannock Chase (Mr Burley) and for South Staffordshire (Gavin Williamson). Indeed, it also has a bearing on other parts of Staffordshire where the hospital is used by constituents from neighbouring areas.

I endorse everything that my hon. Friend the Member for Stafford has said, but I should like to add another factor, which is highly relevant to a constituency such as mine. The Stafford part of my constituency has some deeply rural areas, such as High Offley, that are very much more remote than the streets of Stafford and other towns with good arterial connections to the M6. I have heard figures quoted about how quickly people can get to UHNS and other hospitals. I simply make the point that somebody might have a stroke, or a farmer might be caught in some dreadful tragedy in a dark field in a remote area.

My hon. Friend is completely right when he says that we need a full accident and emergency service. At the moment, we are going through a hiatus, but let it not remain long because we need a proper full service, especially for those deeply rural areas, as well as for the more built-up areas in the urban parts of Stafford and the adjacent areas.

Mr Philip Hollobone (in the Chair): Order. This debate is clearly important for Stafford and the surrounding area. I call the Minister to respond.

4.39 pm

The Parliamentary Under-Secretary of State for Health (Anne Milton): Thank you very much, Mr Hollobone, for calling me to respond to the debate. It is a pleasure to serve under your chairmanship today; I do not think that I have done so before.

I congratulate my hon. Friend the Member for Stafford (Jeremy Lefroy) on securing this debate and of course I join him in paying tribute to the staff of Stafford hospital, the staff of the local ambulance service and indeed the staff of the neighbouring hospitals for all that they are doing to provide local people with good accident and emergency services. I particularly pay tribute to them at this time of year. When many people will be enjoying their Christmas lunch, there will be many NHS staff working over the Christmas period and it is always important to acknowledge their contribution and the work that they do.

My hon. Friend raised a number of issues about the overnight closure of the A and E department at Stafford hospital, which is a measure that will naturally be a cause for concern for his constituents. I know that all of them have been through quite a tough time, but I also know that he will agree—in fact, he did agree—that the safety of patients must always come first. However safety can be protected, that is always the best course of action, so I must support clinicians at Stafford hospital in their request for the overnight closure, which they made so that standards of care in the A and E department can be kept high.

My hon. Friend mentioned A and E staff, but it is also important to note that this issue is not always about numbers. A certain number of staff are needed in an A and E department, but that department also needs expertise; it not only needs staff in the right quantity but staff with the right skills and competencies.

I also want to remind hon. Members who are in Westminster Hall today—it is a pleasure to see so many of them here—that for some time now the NHS at Stafford hospital has been routinely diverting all of the most critical patients, including those suffering from major trauma, heart attacks and strokes, to the larger hospitals to the north and south of Stafford. That is not because of the suspension of overnight A and E at Stafford but because the larger hospitals in the area are better able to cope with life-threatening emergencies. My hon. Friend pointed that out, but it is worth repeating it for the record.

The change at Stafford A and E is down to staffing levels; I understand that financial pressures do not come into it. Mid Staffordshire NHS Foundation Trust has the funding for the posts that it needs to fill, but it has found it difficult to find the staff to fill them. My hon. Friend mentioned the importance of reassuring the local community. The available health services need to reassure people; that is one of their important roles. They must also engender trust among those people who they are there to serve. That is a very important role that the NHS must play.

Since the summer of 2010, permanent staffing—both medical and nursing—at Stafford A and E has been low. The trust and the wider NHS in the midlands have been trying to get enough medical cover to keep standards at the right levels. It is also important to acknowledge the support from the neighbouring University Hospital of

[Anne Milton]

North Staffordshire. Without it, the situation would have been considerably worse. However, that regional support could never be kept going indefinitely. To buy some time to work out longer-term solutions, Sir Bruce Keogh, the NHS medical director, arranged the short-term loan of four members of staff—two doctors and two nurses—from Defence Medical Services to help at the trust. My hon. Friend paid tribute to those staff and it is always good to see organisations working together to deliver the best possible solutions for patients. As my hon. Friend pointed out, that arrangement started on 17 October and it is now coming to an end; again, it could not be kept going for an indefinite period of time. However, let us place on record our thanks to the members of staff involved and to the DMS for providing them. I know that everyone at the trust welcomed the expertise that the DMS staff brought with them.

In October, the Care Quality Commission issued a warning notice regarding the quality of care provided by the Stafford A and E department. The CQC's concerns centred on nursing staff levels, which at the time of inspection were badly depleted because of staff sickness and the overall difficulty of filling vacancies. On 9 November, the trust decided to close its A and E department overnight, starting from 1 December. That decision was not made lightly. As my hon. Friend pointed out, people want A and E facilities close to where they live, so, as I say, such decisions are never made lightly, and they need to be taken locally; it is not appropriate for the Department of Health to interfere with them. It goes without saying that the trust is paying the closest possible attention to the situation at Stafford A and E. It believes that that situation cannot be improved quickly, however frustrating that is for hon. Members.

Mr Cash: Does the Minister agree that there is also a question that may be a national issue, of which Stafford may or may not be an example? That is the need to ensure that consultants are always available, as and when necessary, because I think that that issue is all part of the hierarchy of the problem.

Anne Milton: Yes, and I thank my hon. Friend for raising that important issue, which is one of delegation and cover. It is of concern to the Department of Health; I think that there have been a number of newspaper articles and some television programmes about it. It is important at all times that care is delivered safely. That sometimes requires cover, but it also requires appropriate levels of delegation. However, what must be uppermost in everybody's mind is that patients' safety is always preserved, and the Department of Health will obviously work with the NHS to ensure that nationally we have schemes to ensure that patients' safety is maintained.

For that reason, it would be unwise to return to 24-hour opening at Stafford A and E department before it is safe to do so. To minimise risk, I understand that the trust has set criteria that must be met before overnight operating can resume, and I also understand that there are regular staff meetings to check progress against those criteria. Those meetings are an important means of reassuring staff and those criteria will become critical. They mean that staff will be aware of the current situation and fully up to speed with the progress that is being made.

At present, I understand that patients needing A and E treatment are being diverted by ambulance to A and E departments in Wolverhampton, Walsall, Burton and Stoke, every one of which has been fully involved in planning for the overnight closure at Stafford. West Midlands Ambulance Service has established a divert policy to deal properly with patients coming to the trust, and to alternative A and E departments, at night. To help to manage those arrangements, the trust has appointed a "repatriation co-ordinator" to ensure close co-operation between Mid-Staffordshire NHS Foundation Trust hospitals and the other hospitals affected. The thing that struck me as quite extraordinary is the amazing job titles that the NHS can come up with at times. However, that "repatriation co-ordinator" will be important, to ensure close co-operation between hospitals.

To date, very few patients have turned up at Stafford A and E at night, which is a testament to how well the trust has publicised the current arrangements. That is another important point; explaining the reason for the closure, and how and where to get help when Stafford A and E is closed, is vital. My hon. Friend the Member for Stafford mentioned older people in his speech. As I say, the fact that few people are turning up at Stafford A and E at night means that the message that the department is closed overnight has got through, even to older people, who of course often attend A and E departments.

Mr Cash: On a purely practical level, diversion signs are important. My hon. Friend is referring to the importance of getting the message through, but however much we try to get the message through, I suspect that people will still turn up anyway. Therefore, the most important thing at that point is to know that the signing system—as provided by the highways authorities, or whoever—will actually provide the right information to help people to get to the other hospitals. Does my hon. Friend agree?

Anne Milton: I agree entirely, and I am sure that my hon. Friends the Members for Stone (Mr Cash) and for Stafford are in touch with the local authorities, because it is extremely important, as my hon. Friend the Member for Stone rightly pointed out, that diversion signs are clear to people and that people do not turn up at an A and E department that is closed. It is actually quite extraordinary how resilient people are to those diversion signs. Information needs to be given to people in words of one syllable, so that they are quite clear that the A and E department is not open for business at the moment.

Stafford is taking, and it will continue to take, GP-referred maternity, paediatric and medical patients 24 hours a day, seven days a week, which will be of some reassurance to local people. I know that my hon. Friend the Member for Stafford has visited Stafford A and E department several times since the overnight closure came into effect, and I am pleased to hear that he is satisfied that the measures that have been put in place will ensure patient safety and good access to A and E services. I know that some of his constituents are concerned about the impact of increased demand on neighbouring A and E departments. The situation is being closely monitored and the local NHS is content that the arrangements are working well.

Of course at this time of year, the pressure on A and E departments gets greater. We have not suffered particularly severe weather in the south of the country, but some places have done so. Such weather always takes its toll on the NHS, and therefore the monitoring of how things go is very important.

As I have said, the closure took place on the advice of clinicians with the aim of ensuring patient safety. The trust continues in its efforts to recruit additional staff, and patients can be assured that it will not reopen its A and E department full time before it is safe to do so. The trust, the Staffordshire PCT cluster, emerging clinical commissioning groups and others are looking at a range of options to achieve a clinically safe and financially sustainable service, and will present their report on the way forward to the NHS Midlands and East strategic health authority cluster at the end of January next year.

I will say a word about emergency medicine nationally. The number of emergency medicine consultants has risen by more than half in the past five years, but we agree that it must continue to increase and we are working with the College of Emergency Medicine on how best to make that happen. In the short term, some trusts have been employing more GPs in A and E. GPs are primary care experts, so their presence in A and E allows emergency specialists to concentrate on the cases for which their skills are needed. We are, however, looking at a number of areas, because this matter is of national concern. We are considering revising the person specification for training in emergency medicine to make entry more accessible, and redirecting into emergency medicine some of the doctors who cannot secure other higher specialty training posts.

My hon. Friend the Member for Stafford pointed out the importance of specialist services, and what I have said about the national situation highlights exactly why they are so important. As my hon. Friend the Member for Stone mentioned, the particular needs of people in rural communities, for whom travelling long distances causes additional problems, must also be taken into account. It has long been the case that specialist services need to be provided in specialist centres, and during my own working life as a nurse we had regional neurosurgical centres for the specialties that required highly skilled and specific care. That is important, because we are always balancing patient safety with the accessibility of local services.

Jonathan Lord (Woking) (Con): I join colleagues in commending the thoughtful leadership role that my hon. Friend the Member for Stafford (Jeremy Lefroy) has taken. May I ask the Minister two things? Can we be reassured that the awful lessons of Stafford have been learned nationally? If I may crave the indulgence of my Staffordshire colleagues, I have happy memories of fighting with the Minister during the previous Parliament, when I was chairman of her association, to save the A and E at the Royal Surrey, so perhaps she would care to extend her warm words to all the medical staff who will be working there over Christmas and the new year holiday, just as she did to those at the Stafford hospital and elsewhere in Staffordshire.

Anne Milton: I thank my hon. Friend for his imaginative use of this debate to point out that I joined with him to fight a long, hard battle to save our hospital in the Guildford constituency. It is important, of course, to extend our thanks and tributes to staff working not only in our own constituencies, but across the country. On the first question, there is no doubt that lessons need to be learned, and I think that we sometimes feel that the NHS is slow to learn the lessons it should.

Work is being carried out nationally to address the skills mix, by developing non-medical roles within A and E departments. Enhanced nursing roles have genuine potential, and in countries with very remote populations, such as Canada and the USA, they are an extremely important part of the general skills mix. Emergency nurse practitioners who can look at the minor injuries and illnesses that in most departments account for 40% of the work load can be a major contribution to ensuring that A and E services remain available for local people, and advanced clinical practitioners, such as nurses and paramedics, can therefore treat many more of the major conditions.

I thank my hon. Friend the Member for Stafford for securing this debate, and other hon. Members for attending on the last day before recess. A number of Staffordshire MPs have met with the Minister of State, Department of Health, my right hon. Friend the Member for Chelmsford (Mr Burns), and I know that he will continue to keep in close touch, but should any new concerns arise I am sure that my hon. Friend the Member for Stafford will raise them with him. That leaves to me just to wish you, Mr Hollobone, and all the House of Commons staff a very happy Christmas and a prosperous and safe new year.

Mr Philip Hollobone (in the Chair): I thank all Members for taking part in this debate and I, too, wish everyone a very merry Christmas.

Question put and agreed to.

4.55 pm

Sitting adjourned.